

HAIGHT, GARDNER, POOR & HAVENS

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Sandra L. Rogge
(713) 756-7024

19486

June 23, 1995

Vernon A. Williams, Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Re: Legal Opinion in Connection with 1995 Railcar
Financing with Canadian Imperial Bank of Commerce
Our File: 4991-HO-243

Dear Mr. Secretary:

We are special counsel for Formosa Plastics Corporation, U.S.A. and we enclose two original counterparts of the following primary document to be recorded pursuant to Section 11303 of the U.S. Code:

Loan and Security Agreement, dated as of June 23, 1995, among Formosa Plastics Corporation, U.S.A.; Canadian Imperial Bank of Commerce, New York Agency, individually and as Agent for the Lenders; CIBC Inc.; ABN AMRO Bank N.V. New York Branch; Bank Brussels Lambert, New York Branch; Banque Nationale de Paris; and Societe Generale.

The names and addresses of the parties to the above-mentioned documents are as follows:

Borrower:

✓ Formosa Plastics Corporation, U.S.A.
9 Peach Tree Hill Road
Livingston, NJ 07039

Agent:

Canadian Imperial Bank of Commerce
New York Agency, as Agent for the Lenders
425 Lexington Avenue
New York, NY 10017

Lenders:

✓ CIBC Inc.
425 Lexington Avenue
New York, NY 10017

ABN AMRO Bank N.V.,
New York Branch
500 Park Avenue
New York, NY 10022

RECEIVED
OFFICE OF THE
SECRETARY

JUN 26 1 10 PM '95

LICENSING BRANCH

Vernon A. Williams, Secretary
Interstate Commerce Commission
June 23, 1995
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Bank Brussels Lambert,
New York Branch
630 Fifth Avenue
Suite 630
New York, NY 10111

Banque Nationale de Paris
725 South S. Figueroa Street
Los Angeles, CA 90017
Societe Generale
1221 Avenue of the Americas
New York, NY 10020

The equipment involved in this transaction includes:

88, covered hopper cars
FPAX 3 Digit

168, covered hopper cars
FPAX 944xxx
FPAX 945xxx

8, covered hopper cars
FPAX 4 Digit

19, covered hopper cars
FPAX 5 Digit

298, covered hopper cars
FPAX 820xxx

415, covered hopper cars
FPAX 890xxx

33, soda tanker cars
FPAX 900xxx

33, covered hopper cars
FPAX 930xxx

150, soda tanker cars
FPAX 931xxx

65, soda tanker cars
FPAX 932xxx

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Interstate Commerce Commission
June 23, 1995
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252, covered hopper cars
FPAX 940xxx

600, covered hopper cars
FPAX 950xxx

A fee of \$21 is enclosed. Please date stamp and return one original and any extra copies not needed by the Commission for recordation to Lisa Stewart of our Washington office.

A short summary of the documents to appear in the index follows:

Loan and Security Agreement, dated as of June 23, 1995, among Formosa Plastics Corporation, U.S.A., as borrower; Canadian Imperial Bank of Commerce, New York Agency, individually and as Agent for the Lenders; and CIBC Inc., ABN AMRO Bank N.V. New York Branch, Bank Brussels Lambert, New York Branch, Banque Nationale de Paris, and Societe Generale, as the Lenders covering 2,129 railcars as further described in the Loan and Security Agreement.

If you should have any questions or comments, please do not hesitate to contact either the undersigned at (713) 756-7024 or Lisa Stewart of our Washington office at (202) 962-3848. Thank you for your assistance.

Very truly yours,

HAIGHT, GARDNER, POOR & HAVENS

By: 
Sandra L. Rogge

SLR:nf
Enclosures



Interstate Commerce Commission
Washington, D.C. 20423-0001

6/26/95

Office Of The Secretary

Sandra L. Rogge
Haight, Gardner, Poor & Havens
500 Dallas, Ste. 3000
Houston, Texas 77002-4709

Dear Madam:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 6/26/95 at 1:15PM, and assigned recordation number(s). 19486.

Sincerely yours,

Vernon A. Williams
Secretary

Enclosure(s)
(0100667040)

\$ 21.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature

[EXECUTION COPY]

19486

U.S. \$94,133,668

LOAN AND SECURITY AGREEMENT,
dated as of June 23, 1995,

among

FORMOSA PLASTICS CORPORATION, U.S.A.,
as the Borrower,

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY,
as the Agent for the Lenders

and

VARIOUS FINANCIAL INSTITUTIONS,
as the Lenders

Filed with the Interstate Commerce Commission pursuant to 49
U.S.C. § 11303 on _____, 1995 at ____ [A.M.] [P.M.]
Recordation Number _____.

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1. Each item to be separately answered for each individual unit.

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT, dated as of June 23, 1995, among FORMOSA PLASTICS CORPORATION, U.S.A., a Delaware corporation (the "Borrower"), the various financial institutions which are or may become parties hereto (collectively, the "Lenders" and, individually, a "Lender") and CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, as Agent (the "Agent") for the Lenders.

W I T N E S S E T H

WHEREAS, the Borrower is engaged directly and through its various Subsidiaries in the business of manufacturing and selling chemical products; and

WHEREAS, the Borrower owns 1,529 railcars as of the date hereof (the "Existing Equipment") and has currently purchased 600 additional railcars (the "New Equipment") (as more fully described in Schedule I hereto, the Existing Equipment and the New Equipment, collectively, the "Equipment"); and

WHEREAS, in connection with the ownership of, and the purchase of, the Equipment, the Borrower desires to obtain a Loan, in a maximum aggregate principal amount not to exceed \$94,133,668; and

WHEREAS, the Lenders are willing, on the terms and subject to the conditions hereinafter set forth (including Article V), to extend such Commitment and make such Loan to the Borrower; and

WHEREAS, the Borrower wishes to secure its obligations to the Lenders hereunder and pursuant to Article X is granting a security interest in the Equipment and in related collateral to the Agent on behalf of the Lenders;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Capitalized and other terms used herein but not defined shall have the meanings assigned thereto in Appendix A.

ARTICLE II

COMMITMENT, BORROWING PROCEDURES AND NOTES

SECTION 2.1. Commitment. On the terms and subject to the conditions of this Agreement (including Article V), each Lender severally agrees to make Loans pursuant to the Commitment described in this Section 2.1.

SECTION 2.1.1. Commitment To Make Loans. On the Closing Date, each Lender will make a loan (relative to such Lender, its "Loan") to the Borrower equal to such Lender's Percentage of the aggregate amount of the Borrowing requested by the Borrower to be made on such day; provided, however, that the requested amount shall not exceed the appraised value of the Collateral being delivered as set forth in the appraisal delivered pursuant to Section 5.1.10. The commitments of the Lenders described in this Section 2.1.1 are herein referred to collectively as the "Commitment". No amounts paid or prepaid with respect to any Loans may be reborrowed.

SECTION 2.1.2. Lenders Not Required To Make Loans. No Lender shall be required to make any Loan if, after giving effect thereto, the aggregate original principal amount of all Loans (i) of all Lenders made since the Effective Date would exceed the Commitment Amount or (ii) of such Lender made since the Effective Date would exceed such Lender's Percentage of the Commitment Amount.

SECTION 2.2. Borrowing Procedure. By delivering a Borrowing Request to the Agent on the date hereof, the Borrower may irrevocably request that a Borrowing be made in the amount of the value of the Equipment in question as provided in Section 2.1.1 and with evidence of compliance therewith attached to any such request for Borrowing. On or before 1:00 p.m. (New York City time) on such Business Day, each Lender shall deposit with the Agent same day funds in an amount equal to such Lender's Percentage of the Requested Borrowing.

SECTION 2.3. Continuation and Conversion of Loans. Unless repaid or prepaid, each Loan will continue for a successive Interest Period when the then current Interest Period ends; provided, however, that no portion of the outstanding principal amount of any Loans may be continued as a LIBO Rate Loan when any Default has occurred and is continuing. If any Default has occurred and is continuing, at the end of the then current Interest Period, all Loans will be automatically converted to Base Rate Loans until the end of the Interest Period in which the Default no longer exists and is no longer continuing. Once any such Default no longer exists and no longer is continuing, at the end of the then current Interest Period, all Loans will be

automatically converted to LIBO Rate Loans. Each such continuation or conversion shall be prorated among the applicable outstanding Loans of all Lenders.

SECTION 2.4. Funding. Each Lender may, if it so elects, fulfill its obligation to make, continue or convert LIBO Rate Loans hereunder by causing one of its foreign branches or Affiliates (or an international banking facility created by such Lender) to make or maintain such LIBO Rate Loan; provided, however, that such LIBO Rate Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of the Borrower to repay such LIBO Rate Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility. In addition, the Borrower hereby consents and agrees that, for purposes of any determination to be made for purposes of Sections 4.1, 4.2, 4.3 or 4.4, it shall be conclusively assumed that such Lender elected to fund all LIBO Rate Loans by purchasing, as the case may be, Dollar certificates of deposit in the U.S. or Dollar deposits in its LIBOR Office's interbank eurodollar market.

SECTION 2.5. Notes. All Loans made by each Lender shall be evidenced by a Note payable by the Borrower to the order of such Lender in a maximum principal amount equal to such Lender's Percentage of the Commitment Amount (or, in the case of an Assignee Lender, an amount equal to the assigning Lender's assigned amount). The Borrower hereby irrevocably authorizes each Lender to make (or cause to be made) appropriate notations on the grid attached to such Lender's Note (or on any continuation of such grid), which notations, if made, shall evidence, inter alia, the date of and outstanding principal of, and the interest rate and Interest Period applicable to the Loans evidenced thereby. Such notations shall, in the absence of manifest error, be conclusive evidence of the accuracy of the information so recorded; provided, however, that the failure of any Lender to make any such notations shall not limit or otherwise affect any Obligations of the Borrower or any other Obligor.

ARTICLE III

REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1. Repayments and Prepayments. The Borrower shall repay in full the unpaid principal amount of each Loan upon the Stated Maturity Date therefor. Prior thereto, the Borrower

- (a) shall make a scheduled repayment of the aggregate outstanding principal amount, if any, of all Loans on the

dates and in the amounts set forth in Schedule A attached hereto.

(b) shall, immediately upon any acceleration of the Stated Maturity Date of any Loan pursuant to Section 9.2 or Section 9.3, repay all Loans, unless, pursuant to Section 9.3, only a portion of all Loans is so accelerated, in which case the portion so accelerated shall be prepaid.

(c) may, from time to time on any Business Day, make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any Loans; provided, however, that no such prepayment of any LIBO Rate Loan may be made on any day other than the last day of the Interest Period for such Loan.

Each prepayment of any Loan made pursuant to this Section shall be without premium or penalty, except as may be required by Section 4.4 and may not be reborrowed.

SECTION 3.2. Interest Provisions. Interest on the outstanding principal amount of Loans shall accrue and be payable in accordance with this Section 3.2.

SECTION 3.2.1. Rates. (a) Subject to the terms and conditions of Section 2.3, all Loans comprising a Borrowing accrue interest at a rate per annum as a LIBO Rate Loan, during each Interest Period applicable thereto, equal to the sum of the LIBO Rate (Reserve Adjusted) for such Interest Period plus the Applicable Margin.

The "LIBO Rate (Reserve Adjusted)" means, relative to any Loan to be made, continued or maintained as, or converted into, a LIBO Rate Loan for any Interest Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) determined pursuant to the following formula:

$$\begin{array}{lcl} \text{LIBO Rate} & = & \frac{\text{LIBO Rate}}{1.00 - \text{LIBOR Reserve Percentage}} \\ \text{(Reserve Adjusted)} & & \end{array}$$

The LIBO Rate (Reserve Adjusted) for any Interest Period for LIBO Rate Loans will be determined by the Lender on the basis of the LIBOR Reserve Percentage in effect two Business Days before the first day of such Interest Period.

"LIBO Rate" means, relative to any Interest Period for LIBO Rate Loans, the rate of interest equal to the average (rounded upwards, if necessary, to the nearest 1/16 of 1%) of the rates per annum at which Dollar deposits in immediately available funds are offered to the Agent's LIBOR Office in the New York interbank market as at or about 10:00 a.m. time two Business Days prior to

the beginning of such Interest Period for delivery on the first day of such Interest Period, and in an amount approximately equal to the amount of the Agent's LIBO Rate Loan and for a period approximately equal to such Interest Period.

"LIBOR Reserve Percentage" means, relative to any Interest Period for LIBO Rate Loans, the reserve percentage (expressed as a decimal) equal to the maximum aggregate reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) specified under regulations issued from time to time by the F.R.S. Board and then applicable to assets or liabilities consisting of and including "Eurocurrency Liabilities", as currently defined in Regulation D of the F.R.S. Board, having a term approximately equal or comparable to such Interest Period.

(b) If in accordance with Section 2.3 the Loans have been converted into Base Rate Loans, the Loans shall accrue interest at a rate per annum equal to the sum of the Alternate Base Rate from time to time in effect plus the Applicable Margin, until such time, if any, as the Loans have been converted into LIBO Rate Loans in accordance with Section 2.3.

(c) All Loans shall bear interest from and including the first day of the applicable Interest Period to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such Loan.

SECTION 3.2.2. Post-Maturity Rates. After the date any principal amount of any Loan is due and payable (whether on a prepayment date, the Stated Maturity Date, upon acceleration or otherwise), or after any other monetary Obligation of the Borrower shall have become due and payable, the Borrower shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on such amounts at a rate per annum equal to the Alternate Base Rate plus 1%.

SECTION 3.2.3. Payment Dates. Interest accrued on each Loan shall be payable, without duplication:

- (a) on the Stated Maturity Date therefor;
- (b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan;
- (c) on the last day of each applicable Interest Period; and
- (d) on the last day of each calendar quarter with respect to any Alternate Base Rate Loan; and

(e) on that portion of any Loan the Stated Maturity Date of which is accelerated pursuant to Section 9.2 or Section 9.3, immediately upon such acceleration.

Interest accrued on Loans or other monetary Obligations arising under this Agreement or any other Loan Document after the date such amount is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.3. Fees.

SECTION 3.3.1. The Borrower agrees to pay to CIBC Leasing, for its own account, fees in the amounts, on the dates and in the manner set forth in the CIBC Leasing Fee Letter.

SECTION 3.3.2. On the Closing Date, the Borrower agrees to pay to the Agent, for the account of each Lender, fees which equal the product of (i) .20 of 1% and (ii) the aggregate amount of such Lender's allocated Commitment.

ARTICLE IV

CERTAIN LIBO RATE AND OTHER PROVISIONS

SECTION 4.1. LIBO Rate Lending Unlawful. If any Lender shall determine (which determination shall, upon notice thereof to the Borrower and the Lenders, be conclusive and binding on the Borrower) that the introduction of or any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender to make, continue or maintain any Loan as, or to convert any Loan into, a LIBO Rate Loan, the obligations of all Lenders to make, continue, maintain or convert any such Loans shall, upon such determination, forthwith be suspended until such Lender shall notify the Agent that the circumstances causing such suspension no longer exist, and all LIBO Rate Loans shall automatically convert into Base Rate Loans at the end of the then current Interest Period with respect thereto or sooner, if required by such law or assertion.

SECTION 4.2. Deposits Unavailable. If the Agent shall have determined that

(a) Dollar certificates of deposit or Dollar deposits, as the case may be, in the relevant amount and for the relevant Interest Period are not available to the Agent in its relevant market; or

(b) by reason of circumstances affecting the Agent's relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to LIBO Rate Loans,

then, upon notice from the Agent to the Borrower, the obligations of all Lenders under Section 2.2 and Section 2.3 to make or continue any Loans as, or to convert any Loans into, LIBO Rate Loans of such type shall forthwith be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 4.3. Increased LIBO Rate Loan Costs, etc. The Borrower agrees to reimburse each Lender for any increase in the cost to such Lender of, or any reduction in the amount of any sum receivable by such Lender in respect of, making, continuing or maintaining (or of its obligation to make, continue or maintain) any Loans as, or of converting (or of its obligation to convert) any Loans into, LIBO Rate Loans. Such Lender shall promptly notify the Agent and the Borrower in writing of the occurrence of any such event, such notice to state, in reasonable detail, the reasons therefor and the additional amount required fully to compensate such Lender for such increased cost or reduced amount. Such additional amounts shall be payable by the Borrower directly to such Lender within five days of its receipt of such notice, and such notice shall, in the absence of manifest error, be conclusive and binding on the Borrower.

SECTION 4.4. Funding Losses. In the event any Lender shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to make, continue or maintain any portion of the principal amount of any Loan as, or to convert any portion of the principal amount of any Loan into, a LIBO Rate Loan) as a result of

(a) any conversion or repayment or prepayment of the principal amount of any LIBO Rate Loans on a date other than the scheduled last day of the Interest Period applicable thereto, whether pursuant to Section 3.1 or otherwise;

(b) any Loans not being made as LIBO Rate Loans in accordance with the Borrowing Request therefor; or

(c) any Loans not being automatically continued as, or converted into, LIBO Rate Loans in accordance with Section 2.3,

then, upon the written notice of such Lender to the Agent and the Borrower, the Borrower shall, within five (5) days of its receipt thereof, pay directly to such Lender such amount as will (in the

reasonable determination of such Lender) reimburse such Lender for such loss or expense. Such written notice (which shall include calculations in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrower.

SECTION 4.5. Increased Capital Costs. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority affects or would affect the amount of capital required or expected to be maintained by any Lender or any Person controlling such Lender, and such Lender determines (in its sole and absolute discretion) that the rate of return on its or such controlling Person's capital as a consequence of its Commitment or the Loans made by such Lender is reduced to a level below that which such Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case upon notice from time to time by such Lender to the Borrower, the Borrower shall immediately pay directly to such Lender additional amounts sufficient to compensate such Lender or such controlling Person for such reduction in rate of return. A statement of such Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrower. In determining such amount, such Lender may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable.

SECTION 4.6. Taxes. All payments by the Borrower of principal of, and interest on, the Loans and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, excise, stamp or other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, other than franchise taxes and taxes imposed on or measured by any Lender's net income or receipts (such non-excluded items being called "Taxes"). In the event that any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Borrower will

(a) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(b) promptly forward to the Agent an official receipt or other documentation satisfactory to the Agent evidencing such payment to such authority; and

(c) pay to the Agent for the account of the Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by each Lender will equal the full amount such Lender would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against the Agent or any Lender with respect to any payment received by the Agent or such Lender hereunder, such Lender may pay such Taxes and the Borrower will promptly pay such additional amounts (including any penalties, interest or expenses) as is necessary in order that the net amount received by such person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount such person would have received had not such Taxes been asserted.

If the Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Agent, for the account of the respective Lenders, the required receipts or other required documentary evidence, the Borrower shall indemnify the Lenders for any incremental Taxes, interest or penalties that may become payable by any Lender as a result of any such failure. For purposes of this Section, a distribution hereunder by the Agent or any Lender to or for the account of any Lender shall be deemed payment by the Borrower.

Upon the written request of the Borrower or the Agent, each Lender that is organized under the laws of a jurisdiction other than the United States shall, prior to the due date of any payments under the Notes, execute and deliver to the Borrower and the Agent, on or about the first scheduled payment date in each Fiscal Year, one or more (as the Borrower or the Agent may reasonably request) United States Internal Revenue Service Forms 4224 or Forms 1001 or such other forms or documents (or successor forms or documents), appropriately completed, as may be applicable to establish the extent, if any, to which a payment to such Lender is exempt from withholding or deduction of Taxes.

SECTION 4.7. Payments, Computations, etc. Unless otherwise expressly provided, all payments by the Borrower pursuant to this Agreement, the Notes or any other Loan Document shall be made by the Borrower to the Agent for the pro rata account of the Lenders entitled to receive such payment. All such payments required to be made to the Agent shall be made, without setoff, deduction or counterclaim, not later than 11:00 a.m. (New York City time) on the date due, in immediately available funds, to such account as the Agent shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Agent on the next succeeding Business Day. The Agent shall promptly remit in same day funds to each Lender its share, if any, of such payments received by the Agent for the

account of such Lender. All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days (or, in the case of interest on a Base Rate Loan, 365 days or, if appropriate, 366 days). Whenever any payment to be made shall otherwise be due on a day which is not a Business Day, such payment shall (except as otherwise required by the definition of the term "Interest Period") be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees, if any, in connection with such payment.

SECTION 4.8. Lender's Duty to Mitigate. Each Lender agrees that, as promptly as practicable after it becomes aware of the occurrence of an event or the existence of a condition that would cause it to be affected under Section 4.1 or 4.3, or that would entitle any Lender to receive payments under Section 4.5, it will, to the extent not inconsistent with such Lender's internal policies, use reasonable efforts to make, fund, or maintain its affected LIBO Rate Loans through another lending office of such Lender if, as a result thereof, the additional moneys which would otherwise be required to be paid to such Lender pursuant to Section 4.3 or 4.5, as the case may be, would be materially reduced, or the illegality or other adverse circumstances which would otherwise require a conversion of such Loans pursuant to Section 4.1 would cease to exist, and if, as determined by such Lender in its sole discretion, the making, funding or maintaining of such Loans through such other lending office would not otherwise adversely affect such Loans or such Lender.

SECTION 4.9. Replacement of Lenders. Each Lender hereby agrees that if any Lender (i) is unable to make, continue or maintain any Loan as, or to convert any Loan into, a LIBO Rate Loan pursuant to Section 4.1 or (ii) makes demand upon the Borrower for compensation resulting from any materially increased costs pursuant to Section 4.3 or 4.5, the Borrower may, within 90 days of receipt of such demand, give notice (a "Replacement Notice") in writing to such Lender of its intention to replace such Lender with a financial institution designated in such Replacement Notice. Upon receipt of such Replacement Notice, such Lender shall assign, in accordance with Section 11.11, all of its Commitments, Loans, Notes and other rights and obligations under this Agreement and all other Loan Documents to such designated financial institution; provided, that (i) such assignment shall be without recourse, representation and warranty and shall be on terms and conditions reasonably satisfactory to such Lender and such designated financial institution and (ii) the purchase price paid by such designated financial institution shall be in an amount equal to the aggregate amount of all Loans owed to such replaced Lender, plus all other amounts (including

accrued interest and fees and the amounts demanded and unreimbursed under Section 4.3 and 4.5), owing to such replaced Lender hereunder. Upon the effective date of such Assignment, the Borrower shall issue a replacement Note or Notes (in exchange for the Notes then outstanding of such replaced Lender), as the case may be, to such designated financial institution and such institution shall become a "Lender" for all purposes under this Agreement and all other Loan Documents.

SECTION 4.10. Sharing of Payments. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan (other than pursuant to the terms of Sections 4.3, 4.4 and 4.5) in excess of its pro rata share of payments then or therewith obtained by all Lenders, such Lender shall purchase from the other Lenders such participations in Loans made by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; provided, however, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and each Lender which has sold a participation to the purchasing Lender shall repay to the purchasing Lender the purchase price to the ratable extent of such recovery together with an amount equal to such selling Lender's ratable share (according to the proportion of (a) the amount of such selling Lender's required repayment to the purchasing Lender, to (b) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 4.5) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this Section applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section to share in the benefits of any recovery on such secured claim.

SECTION 4.11. Setoff. Each Lender shall, upon the occurrence of any Default described in clauses (a) through (d) of Section 9.1.9 or, with the consent of the Required Lenders, upon the occurrence of any other Event of Default, have the right to appropriate and apply to the payment of the Obligations owing to it (whether or not then due), and (as security for such Obligations) the Borrower hereby grants to each Lender a continuing security interest in any and all balances, credits,

deposits, accounts or moneys of the Borrower then or thereafter maintained with or otherwise held by such Lender; provided, however, that any such appropriation and application shall be subject to the provisions of Section 4.10. Each Lender agrees promptly to notify the Borrower and the Agent after any such setoff and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Lender may have.

SECTION 4.12. Use of Proceeds. The Borrower shall apply the proceeds of the Borrowing in accordance with the third recital and for general corporate purposes; without limiting the foregoing, no proceeds of any Loan will be used to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934 or any "margin stock", as defined in F.R.S. Board Regulation U.

ARTICLE V

CONDITIONS TO BORROWING

SECTION 5.1. Borrowing Conditions. The obligation of the Lenders to fund the Borrowing shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 5.1.

SECTION 5.1.1. Corporate Documents, etc. The Agent shall have received

(a) from each Obligor, a copy of

(i) in the case of the Borrower, a certificate of good standing from the Secretary of State of each state in which such Obligor is qualified to do business;

(ii) a certificate, dated the date of the initial Borrowing, of its Secretary or Assistant Secretary as to

(a) resolutions of its Board of Directors then in full force and effect authorizing the execution, delivery and performance of this Agreement, the Notes and each other Loan Document to be executed by it or such other document satisfactory to the Agent;

(b) the incumbency and signatures of those of its officers authorized to act with respect to this Agreement, the Notes and each other Loan Document to be executed by it (upon which certificate the Agent and each Lender may conclusively rely until the Agent shall have received a further certificate of the Secretary of such Obligor canceling or amending such prior certificate, which further certificate shall be reasonably satisfactory to the Agent);

(c) its Organic Documents; and

(b) such other documents (certified if requested) as the Agent or the Lenders may reasonably request with respect to any matter relevant to this Agreement or the transactions contemplated hereby.

SECTION 5.1.2. Delivery of Notes. The Agent shall have received, for the account of each Lender, such Lender's Note duly executed and delivered by the Borrower.

SECTION 5.1.3. Payment of Outstanding Indebtedness, etc. All Indebtedness identified in Item 5.1.3 of the Disclosure Schedule, entitled "Indebtedness to be Paid", together with all interest, and other amounts due and payable with respect thereto, shall have been paid in full; all commitments issued thereunder shall have been terminated and all Liens securing payment of any such Indebtedness shall have been released.

SECTION 5.1.4. Loan Agreement. The Agent shall have received this Agreement, dated the date hereof, duly executed and delivered by the Borrower.

SECTION 5.1.5. Guaranty. The Agent shall have received the Guaranty, dated the date hereof, duly executed by the Guarantor.

SECTION 5.1.6. Security. In connection with the Lien to be established in Article X hereof, the Agent shall have received

(a) evidence of the completion (or satisfactory arrangements for the completion) of all recordings and filings of this Agreement as may be necessary or, in the reasonable opinion of the Lender, desirable effectively to create a valid, perfected first priority Lien against the Collateral purported to be covered hereby including, on or before the Closing Date or as soon thereafter as is reasonably practicable: (i) the Borrower shall have caused this Agreement to be duly filed, recorded and deposited in conformity with 49 U.S.C. § 11303 and in such other places within the United States as the Lenders may reasonably

request for the protection of the security interest of the Lenders in the Collateral and (ii) Uniform Commercial Code financing statements naming the Borrower as debtor and the Agent on behalf of the Lenders as secured party shall have been filed in such public offices as are reasonably deemed necessary or appropriate by the Lenders to perfect the right, title and interest of the Lenders in the Collateral; and

(b) such other approvals, opinions, or documents as the Lenders may reasonably request.

SECTION 5.1.7. Opinion of Borrower's Counsel. The Agent shall have received an opinion, dated the date of the initial Borrowing and addressed to the Lenders, from counsel to each Obligor, substantially in the form of Exhibit D-1 hereto.

SECTION 5.1.8. Other Opinions of Counsel. On the Closing Date, the Agent shall have received the favorable written opinion substantially in the form of Exhibit D-2 from special nationally recognized ICC counsel to the transaction, which counsel shall be satisfactory to the Lenders, and whose fees, costs and expenses shall be for the account of the Borrower.

SECTION 5.1.9. Initial Delivery. On the Closing Date, evidence of the Borrower's existing title in respect of all of the Equipment shall have been delivered.

SECTION 5.1.10. Appraisal. The Agent shall have received an independent appraisal of the Collateral described in 10.1 in form, scope, authority and substance satisfactory to the Lenders.

SECTION 5.1.11. Compliance Certificate and Disclosure Schedule. The Agent shall have received a compliance certificate in the form of Exhibit F-1 dated as of the Closing Date and a disclosure schedule to be attached as Schedule II hereto.

SECTION 5.1.12. Insurance. The Agent shall have received evidence (including an appropriate letter from the Borrower's insurance broker) that all insurance policies, coverages and riders required pursuant to Section 7.1.7 hereof.

SECTION 5.1.13. Borrowing Request. The Agent shall have received a Borrowing Request for the Borrowing. The delivery of the Borrowing Request and the acceptance by the Borrower of the proceeds of the Borrowing shall constitute a representation and warranty by the Borrower that on the date of the Borrowing (both immediately before and after giving effect to the Borrowing and the application of the proceeds thereof) the statements made in Section 5.1.16 are true and correct.

SECTION 5.1.14. Closing Fees, Expenses, etc. The Agent shall have received for its own account, or the account of each Lender, as the case may be, all fees and expenses due and payable pursuant to any fee letters entered into by the parties hereto and Sections 3.3 and 12.3 and, if then invoiced, Section 10.4.3.

SECTION 5.1.15. Financial Information. The Agent shall have received the audited consolidated and consolidating balance sheet of the Borrower and its Subsidiaries, and the related consolidated and consolidating statements of income and cash flow, for the Fiscal Year ended December 31, 1994, certified without any qualification or exception by Arthur Andersen & Co. prepared in accordance with GAAP consistently applied, with the scope and results of such financial statements being satisfactory to the Agent.

SECTION 5.1.16. Compliance with Warranties, No Default, etc. Both before and after giving effect to the Borrowing (but, if any Default of the nature referred to in Section 9.1.5 shall have occurred with respect to any other Indebtedness, without giving effect to the application, directly or indirectly, of the proceeds hereof) the following statements shall be true and correct:

(a) the representations and warranties set forth in Article VI shall be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date); and

(b) no Default shall have then occurred and be continuing, and neither the Borrower nor any other Obligor shall be in material violation of any law or governmental regulation or court order or decree.

SECTION 5.1.17. Satisfactory Legal Form. All documents executed or submitted pursuant hereto by or on behalf of the Borrower or any other Obligor shall be satisfactory in form and substance to the Agent and its counsel; the Agent and its counsel shall have received all information, approvals, opinions, documents or instruments and such counterpart originals or such certified or other copies of such materials, as the Agent or its counsel may reasonably request; and all legal matters incident to the transactions contemplated by this Agreement shall be satisfactory to counsel to the Agent.

SECTION 5.1.18. Title. The Borrower shall have good and marketable legal and beneficial title to each Unit listed on Schedule I with respect thereto, in each case free and clear of all Liens, except Permitted Liens of the type described in clauses (a) and (c) (with respect to taxes, assessments or other charges not yet due and payable) of the definition thereof.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

In order to induce the Agent and the Lenders to enter into this Agreement and to make Loans hereunder, the Borrower represents and warrants unto the Agent and each Lender as set forth in this Article VI.

SECTION 6.1. Organization, etc. The Borrower and each of its Subsidiaries is a corporation validly organized and existing and in good standing under the laws of the State of its incorporation, is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the nature of its business requires such qualification (unless the failure to obtain such qualification does not and will not have a material adverse effect on the financial condition or operations of the Borrower or any Subsidiary), and has full power and authority and holds all requisite governmental licenses, permits and other approvals to enter into and perform its Obligations under this Agreement, the Notes and each other Loan Document to which it is a party and to own and hold under lease its property and to conduct its business substantially as currently conducted by it.

SECTION 6.2. Due Authorization, Non-Contravention, etc. The execution, delivery and performance by the Borrower of this Agreement, the Notes and each other Loan Document executed or to be executed by it, and the execution, delivery and performance by each other Obligor of each Loan Document executed or to be executed by it are within the Borrower's and each such Obligor's corporate powers, have been duly authorized by all necessary corporate action, and do not

(a) contravene the Borrower's or any such Obligor's Organic Documents;

(b) contravene any contractual restriction, then existing law or governmental regulation or court decree or order binding on or affecting the Borrower or any such Obligor; or

(c) result in, or require the creation or imposition of, any Lien on any of the Borrower's or any Obligor's properties other than a Permitted Lien.

SECTION 6.3. Government Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for the due execution, delivery or performance by the Borrower or any other Obligor of this Agreement, the Notes or any other Loan Document to which it is a party. None of the Borrower or any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 6.4. Validity, etc. This Agreement constitutes, and the Notes and each other Loan Document executed by the Borrower will, on the due execution and delivery thereof, constitute, the legal, valid and binding obligations of the Borrower enforceable in accordance with its respective terms, except as enforcement may be limited by bankruptcy, insolvency or similar laws affecting enforcement of creditors' rights generally as now existing or hereafter enacted and subject to general principles of equity regardless of whether such enforcement is considered in a proceeding in equity or at law; and each Loan Document executed pursuant hereto by each other Obligor will, on the due execution and delivery thereof by such Obligor, be the legal, valid and binding obligation of such Obligor enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or similar laws affecting enforcement of creditors' rights generally as now existing or hereafter enacted and subject to general principles of equity regardless of whether such enforcement is considered in a proceeding in equity or at law.

SECTION 6.5. Financial Information. The audited consolidated financial statements as at December 31, 1994 of the Borrower and each of its Subsidiaries, copies of which have been furnished to the Lender, have been prepared in conformity with GAAP consistently applied, and present fairly the consolidated financial condition of the corporations covered thereby as at the dates thereof and the results of their operations for the periods then ended.

SECTION 6.6. No Material Adverse Change. Since the date of the financial statements described in Section 6.5, there has been no material adverse change in the present or future financial condition, operations, business or prospects of the Borrower and its Subsidiaries.

SECTION 6.7. Litigation, Labor Controversies, etc. There is no pending or, to the knowledge of the Borrower, threatened litigation, action, proceeding or labor controversy affecting the Borrower, or any of its Subsidiaries, or any of their respective properties, assets or revenues, which if adversely determined, would (a) have a material adverse effect on the present or future financial condition, business, prospects or operations of the Borrower or any Subsidiary, (b) materially impair the Borrower's ability to perform its obligations under or in connection with this Agreement or any of the Loan Documents or (c) impair the validity or enforceability of this Agreement or any of the Loan Documents except as disclosed in Item 6.7 of the Disclosure Schedule entitled "Material Litigation".

SECTION 6.8. Taxes. The Borrower and each of its Subsidiaries has filed all tax returns and reports required by law to have been filed by it and has paid or provided adequate reserves for the payment of all taxes, assessments and governmental charges payable by them that have become due other than those that are not yet delinquent or not substantial in aggregate amount or those that are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

SECTION 6.9. Employee Benefit Plans. Each employee benefit plan as to which the Borrower or any Subsidiary may have any liability complies in all material respects with all applicable requirements of law and regulations and (a) no Reportable Event (as defined in ERISA) has occurred with respect to any such plan, (b) the Borrower has not nor has any Subsidiary, withdrawn from any such plan or initiated steps to do so and (c) no steps have been taken to terminate any such plan.

SECTION 6.10. Environmental Warranties. Except as set forth in Item 6.10 of the Disclosure Schedule entitled "Environmental Matters":

(a) all facilities and property (including underlying groundwater) owned or leased by the Borrower or any of its Subsidiaries have been, and continue to be, owned or leased by the Borrower and its Subsidiaries, in material compliance with all Environmental Laws;

(b) there have been no past, and there are no pending or threatened, and from and after December 31, 1993 there have been no Material written claims, complaints, notices or requests for information received by the Borrower or any of its Subsidiaries with respect to any alleged violation of any Environmental Law or regarding potential liability under any Environmental Law;

(c) there have been no Releases of Hazardous Materials at, on or under any property now or previously owned or leased by the Borrower or any of its Subsidiaries that, singly or in the aggregate, have, or may reasonably be expected to have, a material adverse effect on the financial condition, operations, assets, business, properties or prospects of the Borrower and its Subsidiaries, taken together;

(d) the Borrower and its Subsidiaries have been issued and are in Material compliance with all permits, certificates, approvals, licenses and other authorizations relating to environmental matters and required for their businesses;

(e) no property now or previously owned or leased by the Borrower or any of its Subsidiaries is listed or proposed for listing (with respect to owned property only) on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list of sites requiring investigation or clean-up;

(f) there are no underground storage tanks, active or abandoned, including petroleum storage tanks, on or under any property now or previously owned or leased by the Borrower or any of its Subsidiaries that, singly or in the aggregate, have, or may reasonably be expected to have, a material adverse effect on the financial condition, operations, assets, business, properties or prospects of the Borrower and its Subsidiaries;

(g) except as set forth in Item 6.10 of the Disclosure Schedule entitled "Environmental Matters" neither Borrower nor any of its Subsidiaries has directly transported or directly arranged for the transportation of any Hazardous Material to any location which is listed or proposed for listing on the National Priorities List pursuant to CERCLA, on the CERCLIS or on any similar state list or which is the subject of federal, state or local enforcement actions or other investigations which may lead to material claims against the Borrower or such Subsidiary thereof for any remedial work, damage to natural resources or personal injury, including claims under CERCLA; and

(h) there are no polychlorinated biphenyls or friable asbestos present at any property now or previously owned or leased by the Borrower or any of its Subsidiaries that, singly or in the aggregate, have, or may reasonably be expected to have, a material adverse effect on the financial condition, operations, assets, business, properties or prospects of the Borrower and its Subsidiaries.

SECTION 6.11. Regulations G, U and X. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock, and no proceeds of any Loans will be used for a purpose which violates, or would be inconsistent with, F.R.S. Board Regulation G, U or X. Terms for which meanings are provided in F.R.S. Board Regulation G, U or X or any regulations substituted therefor, as from time to time in effect, are used in this Section with such meanings.

SECTION 6.12. Taxes on the Equipment. All Taxes payable upon the purchase by the Borrower of the Equipment then purported to be subject to the Lien established pursuant to this Agreement will have been paid or such transactions will then be exempt from any such Taxes. No Taxes, fees or other charges are payable in connection with the execution and delivery of the Loan Documents or the issuance of the Notes.

SECTION 6.13. Title to Equipment. The Borrower shall have good and marketable legal and beneficial title to the Units listed on Schedule I and at such time financed hereunder with respect thereto and then purported to be subject to the Lien established pursuant to this Agreement, free and clear of all Liens except Permitted Liens of the type described in clauses (a) and (c) (with respect to taxes, assessments or other charges not yet due and payable) of the definition thereof.

SECTION 6.14. Compliance of the Equipment. The Equipment and the current operation thereof do not violate any law or regulation, or any order of any court or Governmental Authority applicable to, or binding on, the Equipment, including, without limitation, any thereof relating to matters of occupational safety and health or the environment, other than violations that would not, individually or in the aggregate, (i) have a material adverse effect on the properties, business or condition (financial or otherwise) of the Borrower or its ability to perform its obligations under the Loan Documents or prevent or interfere with the continued economic operation of the Equipment or (ii) impose any penalty on, or result in the imposition of any criminal liability on, any Indemnified Person or result in the imposition of any criminal liability on the Borrower.

SECTION 6.15. Equipment Complete. (i) Each Unit and each major component thereof, is substantially complete such that it is ready and available to perform the function for which it was designed; (ii) all approvals of any court or Governmental Authority necessary for the commercial operation of each Unit of the Equipment have been received and are in full force and effect; (iii) each Unit of the Equipment has been maintained, serviced and repaired in a manner consistent with prudent industry practice and in compliance in all material respects with (A) applicable laws, rules, regulations and orders of any court or Governmental

Authority, (B) all requirements for maintaining the Borrower's insurance (it being understood and agreed that any requirement which the failure to meet would result in the loss of insurance coverage is material) and (C) all requirements of manufacturers of the Equipment for maintaining in full force and effect any warranties of such manufacturers with respect to such Equipment; and (iv) there is no present event or condition of which the Borrower has knowledge that is directed, addressed or relates specifically to any Unit of the Equipment and that would adversely affect the capability of such Unit to operate as rail car equipment or impair the fair market value, utility or remaining economic useful life of such Unit from that determined in the Appraisal.

SECTION 6.16. Insurance on Equipment. On or before the Closing Date, the Equipment will be covered by the insurance required by Section 8.10 and all premiums due prior to the Closing Date in respect of such insurance have been paid in full.

SECTION 6.17. Security Filings. Assuming the due authorization, execution and delivery of this Agreement by each of the parties thereto, this Agreement will create the security interest in Collateral it purports to create, which security interest will, upon the completion of the filings contemplated by Section 5.1.6, constitute a first priority perfected interest therein in those jurisdictions in which filings will have been made on or prior to the Closing Date in accordance with Sections 5.1.6 and 8.8 and, except as otherwise expressly contemplated by Section 10.1 or by the other Loan Documents all filings and other actions necessary to perfect the security interest of the Lenders under this Agreement in the Collateral as against creditors of purchasers from the Borrower will have been made on or prior to the Closing Date, subject to any Permitted Liens.

SECTION 6.18. Control. At the Closing Date, Mr. Y.C. Wang and Formosa Plastics Corporation, a Taiwan corporation, control at least 60%, of the outstanding shares of Common Stock of the Borrower.

ARTICLE VII

COVENANTS

SECTION 7.1. Affirmative Covenants. The Borrower agrees with the Agent and each Lender that, until the Commitment has terminated and all Obligations have been paid and performed in full, the Borrower will perform the obligations set forth in this Section 7.1.

SECTION 7.1.1. Financial Information, Reports, Notices, etc. The Borrower will furnish, or will cause to be furnished,

to the Agent (with a sufficient number of copies for each Lender) copies of the following financial statements, reports, notices and information:

(a) as soon as available and in any event within 60 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Borrower, consolidated and consolidating balance sheets of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter and consolidated and consolidating statements of earnings of the Borrower and its Subsidiaries for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, certified by the chief financial Authorized Officer of the Borrower;

(b) as soon as available and in any event within 150 days (and within 120 days in the absence of the Guaranty) after the end of each Fiscal Year of the Borrower, a copy of the annual audit report for such Fiscal Year for the Borrower and its Subsidiaries, including therein consolidated and consolidating balance sheets of the Borrower and its Subsidiaries as of the end of such Fiscal Year and consolidated and consolidating statements of earnings and cash flow of the Borrower and its Subsidiaries for such Fiscal Year, in each case certified (without any Impermissible Qualification) in a manner acceptable to the Agent by Arthur Anderson or other nationally recognized independent public accountants acceptable to the Agent, together with a certificate from such accountants to the effect that, in making the examination necessary for the signing of such annual report by such accountants, they have not become aware of any Default or Event of Default that has occurred and is continuing, or, if they have become aware of such Default or Event of Default, describing such Default or Event of Default and the steps, if any, being taken to cure it;

(c) as soon as possible and in any event within ten (10) calendar days after the occurrence of each Default, a statement of the chief financial Authorized Officer of the Borrower (or in such officer's absence, a responsible senior officer) setting forth details of such Default and the action which the Borrower has taken and proposes to take with respect thereto;

(d) no later than the date on which financial statements are delivered pursuant to Section 7.1.1(a) or (b) with respect to any Fiscal Period, (i) a certificate substantially in the form of Exhibit F-1 hereto of the Borrower's chief financial officer containing a computation

of, and showing compliance with, each of the financial ratios and restrictions contained in Sections 7.1.12, 7.1.13, 7.2.5, 7.2.6 and stating that the Borrower and its Subsidiaries are in compliance with all terms and conditions of all other Indebtedness to which the Borrower or its Subsidiaries is party or, if applicable, a certificate substantially in the form of Exhibit F-2 hereto of the Borrower's chief financial officer containing a computation of, and showing compliance with, each of the financial percentages, ratios and restrictions contained in Sections 7.1.12, 7.1.13, 7.2.5, 7.2.6 and 7.4 and stating that the Borrower and its Subsidiaries are in compliance with all terms and conditions of all other Indebtedness to which the Borrower or its Subsidiaries is party and (ii) a certificate updating the information in Schedule II hereto.

(e) as soon as possible, and in any event within five (5) calendar days after becoming aware (i) of any material adverse change in the financial condition of the Borrower or any of its Subsidiaries, a certificate of the chief financial officer of the Borrower (or in such officer's absence, a responsible senior officer) setting forth the details of such change or (ii) of the taking by the Internal Revenue Service of a tax position (verbal or written) which could have a materially adverse effect upon the Borrower (or any tax position taken by the Borrower) setting forth the details of such position and the financial impact thereof;

(f) promptly as issued, all press releases, notices to shareholders and all other material communications transmitted to the general public or to the trade or industry in which the Borrower is engaged; and

(g) as soon as available and in any event, within 150 days after each June 30th to occur and within 150 days after the end of each fiscal year, financial statements translated into English, of the Guarantor.

(h) so long as the Guaranty is released, as soon as available, and in any event within 60 days after the end of each Fiscal Quarter of the Borrower, consolidated and consolidating statements of income and cash flow of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter, certified by the chief financial Authorized Officer of the Borrower.

(i) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as the Agent may from time to time reasonably request.

SECTION 7.1.2. Preservation of Existence, Etc. The Borrower will, and will cause each of its Subsidiaries to, preserve and maintain its corporate existence (subject to the provisions of Section 7.2.4) and such of its rights, licenses, and privileges as are material to the business and operations conducted by it; and qualify and remain qualified to do business in each jurisdiction in which such qualification is material to its business and operations or ownership of its properties.

SECTION 7.1.3. Keeping of Books; Inspections. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which full and correct entries shall be made of all of its financial transactions and its assets and businesses so as to permit the presentation of financial statements prepared in accordance with generally accepted accounting principles consistently applied; and permit the Agent or its representatives, at reasonable times and intervals, to visit all of its offices and properties, discuss its financial matters with its officers and independent certified public accountants (and by this provision the Borrower authorizes such accountants to discuss the finances and affairs of the Borrower), and examine any of its books and other corporate records and any of the Borrower's assets and properties of every kind and description wherever located.

SECTION 7.1.4. Compliance with Laws, etc. The Borrower will, and will cause each of its Subsidiaries to, comply in all material respects with all applicable laws, rules, regulations and orders, such compliance to include without limit the payment and discharge of all taxes (including, without limitation, use taxes with respect to the equipment) and other governmental charges, and all contractual obligations calling for the payment of money, before the same shall become overdue, unless and to the extent only that such payment is being contested in good faith and is reserved for, as required by generally accepted accounting principles consistently applied, on its balance sheet.

SECTION 7.1.5. Computation of Financial Tests. The Borrower will, and will cause each of its Subsidiaries to, furnish to the Agent concurrently with the delivery of each of the financial statements required by Section 7.1.1, a statement prepared and certified by the chief financial officer of the Borrower (or in such officer's absence, a responsible senior officer), setting forth all computations necessary to show compliance with the covenants contained in Sections 7.1.12 and 7.1.13 of this Agreement, as of the date of such financial statements.

SECTION 7.1.6. Governmental and Other Approvals. The Borrower will, and will cause each of its Subsidiaries to, apply for, obtain and/or maintain in effect, as applicable, all

authorizations, consents, approvals, licenses, qualifications, exemptions, filings, declarations and registrations (whether with any court, governmental agency, regulatory authority, securities exchange or otherwise) which are necessary in connection with the execution, delivery and performance, by the Borrower, of this Agreement, or any other Loan Documents or other documents or instruments to be executed and/or delivered by the Borrower in connection therewith or herewith.

SECTION 7.1.7. Insurance. The Borrower will, and will cause each of its Subsidiaries to, maintain insurance coverage on its physical assets and against other business risks in such amounts and of such types as are customarily carried by companies similar in size and nature, and in the event of acquisition of additional property, real or personal, or of incurrence of additional risks of any nature, increase such insurance coverage in such manner and to such extent as prudent business judgment and present practice would dictate.

SECTION 7.1.8. Compliance with ERISA. The Borrower will, and will cause each of its Subsidiaries to, comply in all material respects with all requirements imposed by ERISA as presently in effect or hereafter promulgated including, but not limited to, the minimum funding requirements of any Pension Plan.

SECTION 7.1.9. ERISA Notices. The Borrower will, and will cause each of its Subsidiaries to, promptly notify the Agent upon the occurrence thereof any of the following events:

(a) the termination of any Pension Plan pursuant to Subtitle C of Title IV of ERISA or otherwise;

(b) the appointment of a trustee by a United States District Court to administer any Pension Plan;

(c) the commencement by the Pension Benefit Guaranty Corporation, or any successor thereto, of any proceeding to terminate any Pension Plan;

(d) the failure of any Pension Plan to satisfy the minimum funding requirements for any plan year as established in the Internal Revenue Code of 1986, as amended;

(e) the withdrawal of the Borrower or any of its Subsidiaries from any Pension Plan; or

(f) a "reportable event", within the meaning of Title IV of ERISA.

SECTION 7.1.10. Environmental Reports. The Borrower will, and will cause each of its Subsidiaries to, furnish the Agent as soon as possible after such reports are completed with copies of all (i) "Phase I" environmental reports (if any), (ii) environmental impact statements and (iii) other material environmental reports regarding the Borrower's properties. The Borrower shall obtain and furnish the Agent as soon as possible any subsequent environmental studies regarding the Borrower's properties.

SECTION 7.1.11. Environmental Covenant. The Borrower will, and will cause each of its Subsidiaries to,

(a) use and operate all of its facilities and properties in Material compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in Material compliance therewith, and handle all Hazardous Materials in Material compliance with all applicable Environmental Laws;

(b) if an event or events which is individually or in the aggregate Material shall have occurred, promptly notify the Agent and provide copies upon receipt of all written claims, complaints, notices or inquiries relating to the condition of its facilities and properties or compliance with Environmental Laws, and shall promptly cure and have dismissed without prejudice any actions and proceedings relating to compliance with Environmental Laws; and

(c) provide such information and certifications which the Agent may reasonably request from time to time to evidence compliance with this Section 7.1.11.

SECTION 7.1.12. Total Liabilities to Tangible Net Worth. On a consolidated basis, the Borrower will maintain a Total Liabilities to Tangible Net Worth Ratio at the end of each fiscal quarter of less than 3 to 1.

SECTION 7.1.13. Tangible Net Worth. On a consolidated basis, the Borrower will maintain a Tangible Net Worth of not less than \$500,000,000, as at the end of any fiscal quarter.

SECTION 7.1.14. Maintenance of Properties. The Borrower will, and will cause each of its Subsidiaries to, maintain, preserve, protect and keep its properties in good repair, working order and condition, and make necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times unless the Borrower determines in good faith that the continued

maintenance of any of its properties is no longer economically desirable.

SECTION 7.2. Negative Covenants. The Borrower agrees with the Agent that, until the Commitment has terminated and all Obligations have been paid and performed in full, the Borrower will perform the obligations set forth in this Section 7.2.

SECTION 7.2.1. Encumbrances. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any mortgage, pledge, encumbrance, security interest, lien or charge upon any of its assets, whether now owned or hereafter acquired, or create, suffer or permit to exist any lien, security interest in, or encumbrance thereon, except:

(a) purchase money security interests in fixed assets (including such security interests granted in connection with the issuance of industrial development revenue bonds issued to permit the Borrower or any of its Subsidiaries to acquire fixed assets), provided that each such security interest is created substantially contemporaneously with the acquisition of such fixed assets and does not extend to any property other than the fixed asset so financed;

(b) Permitted Liens; and

(c) liens and encumbrances granted prior to December 31, 1994 and reflected in the financial statements referred to in Section 7.1.1 which do not by their terms attach to the Collateral.

SECTION 7.2.2. Acquisitions. The Borrower will not, and will not permit its Subsidiaries to, other than the acquisition of Persons in substantially the same line of business as the Borrower (both vertical and horizontal integration), purchase or otherwise acquire or become obligated for the purchase of all or substantially all of the assets or business interests of any person, firm or corporation or any shares of stock of any corporation, trusteeship or association or in any other manner effectuate or attempt to effectuate an expansion of present business by acquisition; provided, however, this Section shall not apply to the purchase by the Borrower of publicly traded securities to be held in its investment securities portfolio for the purpose of generating passive income in a manner consistent with past practice to the extent the market value of such securities, valued at cost, does not exceed \$25,000,000.

SECTION 7.2.3. Transactions with Affiliates. The Borrower will not, and will not permit its Subsidiaries to, enter into any transaction with any of their stockholders or offices or their Affiliates, except in the ordinary course of business and on

terms not less favorable than would be usual and customary in similar transactions between Persons dealing at arm's length.

SECTION 7.2.4. Merger and Consolidation. The Borrower will not, and will not permit its Subsidiaries to, enter into any merger or consolidation or sell or transfer or dispose of all, substantially all or any material part of its assets, except the merger or consolidation of another corporation in substantially the same line of business as the Borrower into the Borrower or a Subsidiary, if the Borrower or the Subsidiary is the surviving corporation, and if immediately after the consummation of the transaction, and after giving effect thereto, no Unmatured Default has occurred or exists.

SECTION 7.2.5. Secured Debt Limitation. The Borrower will not, and will not permit its Subsidiaries to, create, incur, assume or suffer to exist any hypothecation, fiduciary transfer, pledge, Lien, charge or other security interest or encumbrance of any kind and will not assign, segregate or suffer to exist any other preferential arrangement on or with respect to any of its property other than in favor of the Agent on behalf of the Lenders in excess of U.S.\$2,000,000,000 in the aggregate for the Borrower and its Subsidiaries.

SECTION 7.2.6. Current Ratio. The Borrower will not permit the ratio of consolidated Current Assets to consolidated Current Liabilities to be less than 0.80 to 1.00 during the term of this Agreement, all as at the end of any fiscal quarter.

SECTION 7.2.7. Location of Equipment. The Borrower will not permit, and will not allow its Subsidiaries to permit, more than 10% of the Equipment to be located outside the United States of America.

SECTION 7.3. Existence of Guaranty. The Borrower will cause the Guaranty to be in full force and effect at all times; provided, however, that the Guaranty may be released at such time as the Borrower shall have met the conditions in clauses (a) through (d) below for two (2) consecutive years based on audited annual statements and shall have given notice to the Agent that the provisions of Section 7.4 shall apply; provided, further, however, that if the Guaranty has been so released and if the Borrower fails to comply with any provision set forth in Section 7.4, the Borrower will cause the Guaranty to be reinstated and in full force and effect by the first fiscal year end of the Borrower to occur after such failure to comply with Section 7.4.

(a) On a consolidated basis, the Borrower's Total Debt as a percentage of the Borrower's Capitalization shall be equal to or less than 47%.

(b) On a consolidated basis, the Borrower's Stockholders' Investment (net of goodwill) is equal to or greater than the sum of \$750,000,000, plus 50% of Borrower's Net Income cumulative for each quarter, commencing on July 1, 1995, not reduced by any net losses.

(c) On a consolidated basis, the ratio of the Borrower's EBITDA to the Borrower's interest expense is greater than 5:1.

(d) On a consolidated basis the Borrower's Funds Flow From Operations as a percentage of the Borrower's Total Debt is greater than 30%.

SECTION 7.4. Guaranty Triggers. During any period the Guaranty is not in place: (a) the Borrower will, cause, (i) as of the end of each fiscal quarter for clauses (A) and (B) below for such fiscal quarter then ended and (ii) for clauses (C) and (D) below for the four fiscal quarters then ended, the following conditions to be met:

(A) on a consolidated basis, its Total Debt as a percentage of its Capitalization to be equal to or less than 47%;

(B) on a consolidated basis, its Stockholders' Investment (net of goodwill) to be equal to or greater than the sum of \$750,000,000, plus 50% of its Net Income cumulative for each quarter, commencing on July 1, 1995, not reduced by any net losses;

(C) on a consolidated basis, the ratio of its EBITDA to its interest expense to be greater than 5:1; and

(D) On a consolidated basis its Funds Flow From Operations as a percentage of its Total Debt to be greater than 30%; or

(b) the Borrower will cause the Guaranty to be reinstated in accordance with Section 7.3.

ARTICLE VIII

THE EQUIPMENT

SECTION 8.1. Title. The Borrower shall at all times have good and marketable title to the Equipment listed on Schedule I with respect thereto, free and clear of all Liens except Permitted Liens of the type described in clauses (a) and (c)

(with respect to taxes, assessments or other charges not yet due and payable) of the definition thereof.

SECTION 8.2. Duty to Number and Mark Equipment. The Borrower shall have caused, (i) with respect to Existing Equipment, on or before the first anniversary of the Closing Date, and (ii) with respect to the New Equipment, on or before delivery of the New Equipment, each Unit to be numbered with its reporting marks, and will from and after such date keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting colors upon each side of each Unit, in letters not less than one inch in height, a legend substantially as follows:

"OWNERSHIP SUBJECT TO A LOAN AND SECURITY AGREEMENT
FILED WITH THE INTERSTATE COMMERCE COMMISSION"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lenders' rights. Except as provided hereinabove, the Borrower will not place any such Units in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof, and will replace promptly any such word or words in such legend which may be removed, defaced, obliterated or destroyed. The Borrower will not change the reporting mark of any Unit except in accordance with a statement of new reporting marks to be substituted therefor, which statement shall be delivered to the Agent by the Borrower prior to such change and a supplement to this Agreement with respect to such new reporting marks shall be filed or recorded in all public offices where this Agreement shall have been filed or recorded and in such other places, if any, where the Agent may reasonably request in order to protect, preserve and maintain the rights of the Agent and each Lender. The costs and expenses of all such supplements, filings and recordings shall be borne by the Borrower.

SECTION 8.3. Prohibition Against Certain Designations. Except as above provided, the Borrower will not allow the name of any Person to be placed on any Unit as a designation that might reasonably be interpreted as a claim of ownership; provided, however, that subject to the delivery of the statement specified in the penultimate sentence of Section 8.2, the Borrower may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Borrower on railroad equipment used by it of the same or a similar type for convenience of identification of the right of the Borrower to use the Equipment hereunder.

SECTION 8.4. Liens. The Borrower will not directly or indirectly create, incur, assume, permit or suffer to exist any

Lien on or with respect to any Units except Permitted Liens of the type described in clauses (a) and (e) of the definition of "Permitted Liens" (with respect to taxes, assessments or other charges not yet due and payable), and (f) of the definition thereof and the Borrower shall promptly, at its own expense, take such action or cause such action to be taken as may be necessary to duly discharge (by bonding or otherwise) any such Lien not excepted above if the same shall arise at any time.

SECTION 8.5. Maintenance and Operation; Possession.

SECTION 8.5.1. Maintenance and Operation. The Borrower, at its own cost and expense, shall maintain, repair and keep each Unit, and shall operate each Unit (i) in good operating order, condition and repair, ordinary wear and tear excepted, and in a manner comparable to maintenance practices used by the Borrower in respect of equipment owned or leased by the Borrower similar in type to such Unit and in accordance with prudent industry practice, (ii) in accordance with all manufacturer's warranties and in accordance with all insurance policies required to be maintained pursuant to Section 8.10, if applicable, (iii) in compliance with all applicable laws, rules and regulations, including the United States Department of Transportation ("DOT"), the ICC, the Federal Railroad Administration and the Interchange Rules and (iv) without limiting the foregoing, shall cause all safety equipment to be repaired and maintained in accordance with the recommendations of the appraisal required by Section 5.1.10; provided, however, that the Borrower may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such law, rule or regulation in any reasonable manner which does not materially interfere with the use, possession, operation or return of any of the Units or materially adversely affect the rights or interests of the Agent or each Lender hereunder or otherwise expose the Agent or each Lender to criminal sanctions. The Borrower shall provide the Agent with notice of any contest of the type described in the preceding sentence in detail sufficient to enable the Agent to ascertain whether such contest may have an effect of the type described in the proviso to the preceding sentence. In no event shall the Borrower discriminate as to the use or maintenance of any Unit (including the periodicity of maintenance or record keeping in respect of such Unit) as compared to equipment of a similar nature which the Borrower owns or leases. The Borrower will maintain all records, logs and other materials required by relevant industry standards or any Governmental Authority having jurisdiction over the Units required to be maintained in respect of any Unit, regardless of whether any such requirements, by their terms, are nominally imposed on the Borrower, the Agent or any Lender. The Borrower shall not change the DOT classification of any Unit without obtaining the prior consent of the Agent, which consent shall not be unreasonably withheld.

SECTION 8.5.2. Possession. The Borrower shall be entitled to the possession of the Equipment and to the use of the Equipment by it or any Affiliate, in the United States only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. In no event shall the Borrower make use of any Equipment in any jurisdiction not included in the insurance coverage required by Section 8.10. In no event shall more than 10% of the Units in the aggregate be assigned to service outside the continental United States at the same time. Nothing in this Section 8.5.2 shall be deemed to constitute permission by the Agent or any Lender to any Person that acquires possession of any Unit to take any action inconsistent with the terms and provisions of this Agreement and any of the other Loan Documents. The rights of any Person that acquires possession of any Unit pursuant to this Section 8.5.2 shall be subject and subordinate to the rights of the Agent and each Lender hereunder.

SECTION 8.6. Modifications.

SECTION 8.6.1. Required Modifications. In the event the Association of American Railroads, the United States Department of Transportation, or any other United States, state or local Governmental Agency requires that any Unit be modified, altered or improved (a "Required Modification"), the Borrower agrees to make such Required Modification at its own expense; provided, however, that the Borrower may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such requirement in any reasonable manner which does not materially interfere with the use, possession, operation or return of any Unit or materially adversely affect the rights or interests of the Agent or any Lender in the Equipment or hereunder or otherwise expose the Agent or any Lender to criminal sanctions or relieve the Borrower of the obligation to deliver the Equipment in compliance with the provisions of Article X. Notwithstanding anything herein to the contrary, if the Borrower determines in good faith that any Required Modification to a Unit would be economically impractical, it shall provide written notice of such determination to the Agent and the parties hereto shall treat such Unit as if an Event of Loss (as hereinafter defined) had occurred as of the date of such written notice with respect to such Unit and the provisions of Sections 8.7 and 8.8 shall apply with respect to such Unit. The Borrower shall cause the first priority Lien purported to be created pursuant to Article X to extend to each Modification for the benefit of the Agent and each Lender.

SECTION 8.6.2. Optional Modifications. The Borrower at any time may modify, alter or improve any Unit (an "Optional Modification"; and each of an Optional Modification and a

Required Modification is a "Modification"); provided, that no Modification shall materially diminish the fair market value, utility, or remaining economic useful life of such Unit below the value, utility, or remaining economic useful life thereof immediately prior to such Modification, assuming such Unit was then in the condition required to be maintained by the terms of this Agreement. The Borrower shall cause the first priority Lien purported to be created pursuant to Article X to extend to each Modification for the benefit of the Agent and the Lenders.

SECTION 8.7. Loss, Destruction, Requisition, Etc.

SECTION 8.7.1. Event of Loss. In the event that any Unit (i) shall suffer damage or destruction resulting in an insurance settlement on the basis of an actual, constructive or compromised total loss; (ii) shall suffer loss of use for 60 days due to destruction or damage beyond repair; (iii) shall suffer damage or contamination which, in the Borrower's reasonable judgment (as evidenced by a certificate of an Authorized Officer (or in such officer's absence, a responsible senior officer) to such effect), makes repair uneconomic or renders such Unit unfit for commercial use, (iv) shall, in the Borrower's reasonable judgment (as evidenced by such an officer's certificate to such effect), be deemed worn out from any cause whatsoever, (v) shall suffer theft or disappearance for a period in excess of 120 days, (vi) shall be permanently returned to the manufacturer pursuant to any patent indemnity provisions, (vii) shall have title thereto taken or appropriated by any Governmental Authority under the power of eminent domain or otherwise or (viii) shall be taken or requisitioned for use by any Governmental Authority or any agency or instrumentality thereof under the power of eminent domain or otherwise, and such taking or requisition is for a period that exceeds (x) 180 days in the case such taking or requisition is by a Governmental Authority other than the government of the United States or (y) the remaining period until the Stated Final Maturity Date then in effect in the case such taking or requisition is by the government of the United States (any such occurrence being hereinafter called an "Event of Loss"), the Borrower, in accordance with the terms of Section 8.7.2, shall promptly and fully inform the Agent of such Event of Loss.

SECTION 8.7.2. Payment upon Event of Loss. Upon the occurrence of an Event of Loss with respect to any Unit, the Borrower shall within 30 days after a Authorized Officer of the Borrower (or in such officer's absence, a responsible senior officer) shall have actual knowledge of such occurrence or deemed occurrence give the Agent notice of such occurrence as promptly as practicable. Then the Borrower shall repay on the next succeeding Interest Payment Date that is at least 20 days after the end of such period to the Agent on behalf of the Lenders an amount equal to the Loss Value with respect to such Unit.

SECTION 8.8. Release of Equipment. So long as no Event of Default shall have occurred and be continuing, upon the payment of all sums required to be paid pursuant to Section 8.7.2 in respect of any Unit or Units, the Agent will release all security interests of the Agent and each Lender in and to such Unit or Units, without recourse or warranty. As to each separate Unit so disposed of, so long as no Event of Default shall have occurred and be continuing, the Borrower or its designee shall be entitled to any amounts arising from such disposition, plus any awards, insurance or other proceeds and damages received by the Borrower or the Agent or any Lender by reason of such Event of Loss after having paid the full amount described in Section 8.7.2 attributable thereto.

SECTION 8.9. Eminent Domain. In the event that during the duration of this Agreement the use of any Unit is requisitioned or taken by any Governmental Authority under the power of eminent domain or otherwise for a period which does not constitute an Event of Loss, the Borrower's obligation to pay all amounts hereunder and under the Notes shall continue for the duration of such requisitioning or taking. So long as no Default has occurred and is continuing, the Borrower shall be entitled to receive and retain for its own account all sums payable for any such period by such Governmental Authority as compensation for requisition or taking of possession.

SECTION 8.10. Insurance.

SECTION 8.10.1. Property Damage and Public Liability Insurance.

(a) The Borrower will, at all times prior to the satisfaction of all obligations hereunder and under all other Loan Documents, at its own expense, cause to be carried and maintained with reputable insurance companies, reasonably satisfactory to the Agent, (i) to the extent that it does so in respect of equipment owned or leased by it similar in type to the Equipment, physical damage insurance in respect of all Units at the time subject hereto and (ii) public liability insurance with respect to third-party personal injury and property damage, and the Borrower will continue to carry such insurance in such amounts and for such risks and with such insurance companies and subject to such deductibles not less comprehensive in amounts and against risks customarily insured against by the Borrower in respect of equipment owned or leased by it similar in type to the Equipment and consistent with prudent industry standards. Without limiting the foregoing, the Borrower will in any event maintain public liability insurance against bodily injury, death or property damage arising out of the use or operation of the Equipment with general liability limits of not less than \$25,000,000 per occurrence or in the aggregate; provided, that

such coverage may provide for deductible amounts not exceeding \$5,000,000. Any policies of insurance carried in accordance with this Section 8.10.1 and any policies taken out in substitution or replacement for any of such policies (A) shall provide that, if any such insurance is cancelled or terminated (other than upon normal policy expiration) for any reason whatever, the Agent shall receive 30 days' prior notice of such cancellation or termination, (B) shall name the Agent on behalf of the Lenders as an additional insured as interests may appear, (C) as to the public liability insurance referred to in paragraph 8.10.1(a)(ii), shall provide that in as much as such policies cover more than one insured, all terms, conditions, insuring agreements and endorsements, with the exceptions of limits of liability and liability for premiums, commissions, assessments or calls (which shall be solely a liability of the Borrower), shall operate in the same manner as if there were a separate policy or policies covering each insured, (D) shall waive any rights of subrogation of the insurers against the Agent and the Lenders, (E) shall provide that the Agent and each Lender shall have no responsibility for any insurance premiums, whether for coverage before or after cancellation or termination of any such policies as to the Borrower and (F) shall provide that such insurance as to the interest of the Agent and the Lenders shall not be invalidated by any change in the title or ownership of the Equipment or any interest therein or with respect thereto. The Borrower shall cause the property insurance on the Equipment to provide that, so long as the Notes shall remain outstanding or any Obligations remain outstanding, the proceeds up to the amount of the value, for any loss or damage to any Unit, if any, shall be payable to the Agent on behalf of the Lenders under a standard mortgagee clause and thereafter to the Borrower. The Borrower shall, at its own expense, be entitled (so long as no Event of Default shall have occurred and be continuing) to make all proofs of loss and take all other steps necessary to collect the proceeds of such insurance.

In the event any public liability insurance policy or coverage thereunder which are required to be maintained under Section 8.10.1(a) shall not be available to the Borrower in the commercial insurance market on commercially reasonable terms, the Agent and the Required Lenders shall not unreasonably withhold its agreement to revise its requirements or waive such requirement to the extent the maintenance thereof is not so available upon application therefor as set forth herein. The Borrower shall make written request for any such waiver in writing, accompanied by written reports prepared, at the Borrower's option, either by one or more independent insurance advisors chosen by the Borrower and the Agent describing the state of the relevant insurance market. The fees and expenses of all such advisors shall be paid by the Borrower. At any time after the granting of such waiver, but not more often than twice

a year, the Agent may make a written request for a supplemental report (in form reasonably acceptable to the Borrower) from such insurance advisor(s) updating the prior report and reaffirming the conclusions set forth therein, at the cost and expense of the Borrower. The Borrower shall provide any such required supplemental report within 30 days after receipt of the written request therefor. Any such waiver shall be effective for only as long as such insurance is not reasonably available to the Borrower in the commercial market at commercially reasonable rates, it being understood that the failure of the Borrower to furnish timely any such supplemental report shall be conclusive evidence that such condition no longer exists. If such supplemental report shows that such coverage is available, the Borrower shall within 45 days of such report obtain such insurance coverage.

(b) Certificate of Insurance. The Borrower shall, prior to the Closing Date and when the renewal certificate referred to below is sent (but in any event not less than annually on the anniversary of the Closing Date), furnish the Agent with a certificate signed by the insurer or an independent insurance broker showing the insurance then maintained by the Borrower pursuant to this Section 8.10.1 and that all premiums due thereon have been paid, or other evidence of maintenance of the insurance required hereunder satisfactory to the Agent and the Required Lenders, and, with respect to any renewal policy or policies, shall furnish telephonic notice to the Agent within 24 hours of such renewal and furnish certificates or binders evidencing such renewal as soon as practicable, but in no event later than 30 days after the earlier of the date such renewal is effected or the expiration date of the original policy or policies.

(c) It is understood and agreed that the insurance required hereunder may be part of a company-wide insurance program, including risk retention and deductibles.

SECTION 8.10.2. Proceeds of Insurance. The entire proceeds of any property insurance or third-party payments for damages or for an Event of Loss to any Unit shall be paid to the Agent and applied as follows: (a) so long as no Default or Event of Default shall have occurred and be continuing, either: (i) to the Borrower promptly following receipt by the Agent of proof satisfactory to the Agent that any damage to such Units shall have been fully repaired or restored; or (ii) if this Agreement is terminated with respect to such Unit because of an Event of Loss and the Borrower has paid the full amount described in Section 8.7.2 due as a result thereof, such proceeds shall be promptly paid over to, or retained by, the Borrower; or (b) any amount which is not payable to the Borrower pursuant to clause (a) shall be applied on the next Interest Payment Date to the prepayment of the Loans in accordance with Section 3.1.

SECTION 8.10.3. Additional Insurance. In the event that the Borrower shall fail to maintain insurance as herein provided, the Agent may at the option of the Required Lenders, upon prior written notice to the Borrower, provide such insurance and, in such event, the Borrower shall, upon demand from time to time, reimburse the Agent on behalf of the Lenders for the cost thereof together with interest from the date of payment thereof at the rate specified in Section 3.2.2, on the amount of the cost to the Agent of such insurance which the Borrower shall have failed to maintain. If after the Agent has provided such insurance, the Borrower then obtains the coverage provided for in Section 8.10.1(a) which was replaced by the insurance provided by the Agent and the Borrower provides the Agent with evidence of such coverage reasonably satisfactory to the Agent, upon the Borrower's written request to the Agent, the Agent shall cancel the insurance it has provided pursuant to the first sentence of this Section 8.10.3. In such event, the Borrower shall reimburse the Agent on behalf of the Lenders for all costs to the Agent and the Lenders of cancellation, including without limitation any short rate penalty, together with interest from the date of the Agent's payment thereof at the rate specified in Section 3.2.2. In addition, at any time the Agent on behalf of the Lenders may at its own expense carry insurance with respect to its interest in the Units; provided, that such insurance does not interfere with the Borrower's ability to insure the Equipment as required by this Section 8.10 or adversely affect the Borrower's insurance or the cost thereof, it being understood that all salvage rights to each Unit shall remain with the Borrower's insurers at all times. Any insurance payments received from policies maintained by the Agent on behalf of the Lenders pursuant to the previous sentence shall be retained by the Agent on behalf of the Lenders without reducing or otherwise affecting the Borrower's obligations hereunder.

SECTION 8.11. Reports; Inspection.

SECTION 8.11.1. Duty of the Borrower to Furnish. On or before October 31, 1995, and on each October 31 thereafter, the Borrower will furnish to the Agent an accurate statement (substantially in the form of Exhibit G hereto), as of the preceding December 31, (a) showing the amount, description and reporting marks of the Units subject hereto, the amount, description and reporting marks of all Units that may have suffered an Event of Loss during the 12 months ending on such December 31 (or since the Closing Date, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Agent may reasonably request, (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 8.2 hereof shall have been preserved or replaced, and (c) showing the percentage on a state-by-state

basis, as well as percentage of use outside the United States of America, of the total mileage travelled by the Equipment for the prior calendar year as reported to the Borrower by railroads. The Borrower will provide the Agent with prompt notice, but in any event within 30 days of (i) any legal proceeding relating to any Unit, alleging that the Borrower is liable for an amount in excess of \$500,000 or that the Agent or any Lender is liable for any amount, (ii) actual knowledge of or receipt of written notice alleging that any Unit violates any environmental law where the cost of placing such Unit into compliance is likely to exceed \$500,000 or (iii) actual knowledge of or receipt of written notice of any incident involving any Unit alleging personal injury or property damage (including damage to the environment) including costs of remediation, in excess of \$500,000.

SECTION 8.11.2. Inspection Rights. The Agent shall have the right, but not the obligation, at its respective sole cost, expense and risk, including, without limitation, the risk of personal injury or death (except that if an Event of Default shall have occurred and be continuing such inspection shall be at the cost, expense and risk of the Borrower), by their respective authorized representatives to inspect the Equipment and the Borrower's records with respect thereto, and if an Event of Default shall have occurred and be continuing, or if the Borrower has provided a notice that it will be delivering any Unit to the Agent pursuant to Article X in any case during the Borrower's normal business hours, subject to the Borrower's standard security and safety rules and procedures and, unless a Event of Default shall have occurred and be continuing, upon reasonable prior notice to the Borrower. No inspection pursuant to this Section 8.11.2 shall interfere with the use, operation or maintenance of the Equipment or the normal conduct of the Borrower's business.

ARTICLE IX

EVENTS OF DEFAULT

SECTION 9.1. Listing of Events of Default. Each of the following events or occurrences described in this Section 9.1 shall constitute an "Event of Default".

SECTION 9.1.1. Non-Payment of Obligations. The Borrower shall default in the payment or prepayment when due of any principal of or interest on any Loan, or the Borrower shall default (and such default shall continue unremedied for a period of five days) in the payment when due of any commitment fee or of any other Obligation.

SECTION 9.1.2. Breach of Warranty. Any representation or warranty of the Borrower or any other Obligor made or deemed to be made hereunder or in any other Loan Document executed by it or any other writing or certificate furnished by or on behalf of the Borrower or any other Obligor to the Agent and each Lender for the purposes of or in connection with this Agreement or any such other Loan Document (including any certificates delivered pursuant to Article V) is or shall be incorrect when made in any material respect.

SECTION 9.1.3. Non-Performance of Certain Covenants and Obligations. The Borrower shall default in the due performance and observance of any of its obligations under Section 8.1 or Section 8.10.

SECTION 9.1.4. Non-Performance of Other Covenants and Obligations. Any Obligor shall default in the due performance and observance of any other agreement contained herein or in any other Loan Document executed by it, and such default shall continue unremedied for a period of 30 days.

SECTION 9.1.5. Default on Other Indebtedness. A Default shall occur in the payment when due (subject to any applicable grace period), whether by acceleration, redemption or otherwise, of any indebtedness (other than indebtedness under this Agreement) for borrowed money of the Borrower or any Subsidiary in excess of \$5,000,000 or a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause such Indebtedness to become due and payable prior to its expressed maturity.

SECTION 9.1.6. Certain Judgments and Orders. A judgment or order shall be rendered against the Borrower or any Subsidiary for the payment of money in excess of \$5,000,000 and such judgment or order shall continue unsatisfied or unstayed for a period of 30 consecutive days.

SECTION 9.1.7. Pension Plans. With respect to any employee benefit plan as to which the Borrower or any Subsidiary may have any liability, there shall exist for 30 or more consecutive days a deficiency in excess of minimum funding standards as contained in the Internal Revenue Code in plan assets available to satisfy the benefits guaranteed under ERISA with respect to such plan, or any Reportable Event (as defined in ERISA) with respect to such plan shall occur and be subsisting for 30 or more consecutive

days. Any of the following events shall occur with respect to any Pension Plan

(a) the institution of any steps by the Borrower or any member of its Controlled Group or any other Person to terminate a Pension Plan if, as a result of such termination, the Borrower or any such member could be required to make a contribution to such Pension Plan, or could reasonably expect to incur a liability or obligation to such Pension Plan, in excess of \$500,000; or

(b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA.

SECTION 9.1.8. Control of the Borrower. Any Change in Control shall occur.

SECTION 9.1.9. Bankruptcy, Insolvency, etc. The Borrower or any of its Subsidiaries or any other Obligor shall

(a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness to pay, debts as they become due;

(b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or any of its Subsidiaries or any other Obligor or any property of any thereof, or make a general assignment for the benefit of creditors;

(c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or any of its Subsidiaries or any other Obligor or for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days; provided, that the Borrower, each Subsidiary and each other Obligor hereby expressly authorizes the Agent on behalf of the Lenders to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend its rights under the Loan Documents;

(d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower or any of its Subsidiaries or any other Obligor, and, if any such case or proceeding is not commenced by the Borrower or such Subsidiary or such other

Obligor, such case or proceeding shall be consented to or acquiesced in by the Borrower or such Subsidiary or such other Obligor or shall result in the entry of an order for relief or shall remain for 60 days undismissed; provided, that the Borrower, each Subsidiary and each other Obligor hereby expressly authorizes the Agent on behalf of the Lenders to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend its rights under the Loan Documents; or

(e) take any corporate action authorizing, or in furtherance of, any of the foregoing.

SECTION 9.1.10. Impairment of Security, etc. Any Loan Document, or any Lien granted thereunder, shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor party thereto; the Borrower, any other Obligor or any other party shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability; or any Lien securing any Obligation shall, in whole or in part, cease to be a perfected first priority Lien, subject only to those exceptions expressly permitted by such Loan Document.

SECTION 9.2. Action if Default in Section 9.1.9. If any Event of Default described in clauses (a) through (d) of Section 9.1.9 shall occur with respect to the Borrower and any Subsidiary or any other Obligor, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Loans and all other Obligations shall automatically be and become immediately due and payable, without notice or demand.

SECTION 9.3. Action if Other Event of Default. If any Event of Default (other than any Event of Default described in clauses (a) through (d) of Section 9.1.9 with respect to the Borrower or any Subsidiary or any other Obligor) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Agent may, or upon the direction of the Required Lenders shall by notice to the Borrower declare all or any portion of the outstanding principal amount of the Loans and other Obligations to be due and payable and/or the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment, and/or, as the case may be, the Commitments shall terminate and whereupon the Agent on behalf of the Lenders shall have the right to exercise all rights with respect to the Collateral in accordance with Article X.

ARTICLE X

SECURITY

SECTION 10.1. Granting Clause.

THIS LOAN AND SECURITY AGREEMENT WITNESSETH, that, to secure the prompt payment of the principal of, and interest on the Notes and the prompt payment of all the Obligations, and the performance and observance by the Borrower of all the agreements, covenants and provisions for the benefit of the Agent and each Lender contained herein and in the Loan Documents to which the Borrower is a party, and for the uses and purposes and subject to the terms and provisions hereof, and in consideration of the premises and of the covenants herein contained, and of the acceptance of the Notes by the Agent, and making of the Loans by the Agent and each Lender, the Borrower has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto the Agent and each Lender, its successors and assigns, a security interest in and on all estate, right, title and interest of the Borrower in, to and under the following described property, rights, interests and privileges (which collectively, including all property hereafter specifically subjected to the Lien of this Agreement or any instrument supplemental hereto, are herein called the "Collateral"):

(1) the Equipment and all replacements thereof and substitutions therefor;

(2) all rents, issues, profits, revenues and other income of the property subjected or required to be subjected to the Lien of this Agreement which relate to the Equipment;

(3) all insurance proceeds or proceeds arising out of a taking, condemnation, requisition or appropriation by any Government Authority under the power of eminent domain or otherwise with respect to the Equipment or any Unit thereof, but excluding any insurance not required under Section 8.10; and

(4) all proceeds of the foregoing.

SECTION 10.2. Holding Clause.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Agent on behalf of the Lenders, their respective successors and assigns, for the uses and purposes and subject to the terms and provisions set forth in this Agreement.

This Agreement, as supplemented from time to time, is intended to and shall create and grant to the Agent on behalf of each Lender a security interest in the Equipment, which security interest shall attach on the Closing Date. The security interests created by this Agreement and granted to the Agent on behalf of each Lender hereunder in the Collateral other than in the Equipment shall likewise attach on the Closing Date.

It is expressly agreed that anything herein contained to the contrary notwithstanding, the Borrower shall remain liable under each of the Loan Documents to which it is a party to perform all of the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and the Agent and each Lender shall have no obligation or liability under any of the Loan Documents to which the Borrower is a party by reason of or arising out of any assignment hereunder or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

Subject to the terms and conditions hereof, the Borrower does hereby constitute the Agent on behalf of the Lenders the true and lawful attorney of the Borrower, irrevocably, with full power (in the name of the Borrower or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for moneys due and to become due to the Borrower, to endorse any checks or other instruments or orders in connection therewith, to file any claims or take any action or institute any proceedings which the Agent on behalf of the Lenders may deem to be necessary or advisable in the premises.

The Borrower agrees that, at any time and from time to time, upon the written request of the Agent, the Borrower will promptly and duly execute and deliver or cause to be duly executed and delivered to the Agent any and all such further instruments and documents as the Agent may reasonably deem desirable in obtaining the full benefits of this Agreement.

The Borrower does hereby warrant and represent that it has not granted, bargained, sold, assigned, transferred, conveyed, mortgaged or pledged, and hereby covenants that, except as expressly permitted in Sections 8.7 and 8.8 it will not grant, bargain, sell, assign, transfer, convey, mortgage or pledge, so long as this Agreement shall remain in effect, any of its right, title or interest in the Collateral, to anyone other than the Agent on behalf of the Lenders.

SECTION 10.3. Additional Remedies.

SECTION 10.3.1. Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Agent may, or upon the direction of the Required Lenders shall, in addition to its rights and remedies set forth in Article IX, so long as the Borrower shall not have remedied all outstanding Events of Default, do one or more of the following, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Borrower of the applicable covenants of this Agreement or the other Loan Documents or to recover damages for the breach thereof;

(b) by notice in writing to the Borrower, the Agent may demand that the Borrower, and the Borrower shall, upon written demand of the Agent and at the Borrower's expense, forthwith deliver all of the Equipment to the Agent on behalf of the Lenders or its order in the manner and condition required by, and otherwise in accordance with all of the provisions of Section 10.3.5; or the Agent with or without notice or judicial process may by its agents enter upon the premises of the Borrower or other premises where any of the Equipment may be located and take possession of and remove all or any of the Units and thenceforth hold, possess and enjoy the same free from any right of the Borrower or its successor or assigns, to use such Units for any purpose whatever;

(c) sell any Unit at public or private sale, as the Agent may determine, free and clear of any rights of the Borrower and without any duty to account to the Borrower with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (e) or (f) below if the Agent elects to exercise or is required to exercise its rights under said paragraphs);

(d) If an Event of Default shall have occurred and for so long as such Event of Default shall be continuing, the Agent may, or upon the direction of the Required Lenders shall, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession, and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Borrower, once at least 30 days prior to the date of such sale, and any other

notice which may be required by law, sell and dispose of the Collateral, or any part thereof, or interest therein, at a private sale or sales or a public auction to the highest bidder, in each case, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Agent may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) and time designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further notice, and the Agent or the Lenders may bid and become the purchaser at any such sale. The Borrower hereby irrevocably constitutes the Agent on behalf of the Lenders the true and lawful attorney-in-fact of the Borrower (in the name of the Borrower or otherwise) for the purpose of effectuating any sale, assignment, transfer or delivery for enforcement of the Lien created under this Agreement, whether pursuant to foreclosure or power of sale or otherwise, to execute and deliver all such bills of sale, assignments and other instruments as the Agent may consider necessary or appropriate, with full power of substitution, the Borrower hereby ratifying and confirming all that such attorney or any substitute shall lawfully do by virtue hereof. Nevertheless, if so requested by the Agent or any Lender or any purchaser, the Borrower shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Agent or such Lender or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

(e) If an Event of Default has occurred and is continuing, the Borrower shall, at the request of the Agent, promptly execute and deliver to the Agent such instruments of title or other documents as the Agent may deem necessary or advisable to enable the Agent or an agent or representative designated by the Agent, at such time and place or places as the Agent may specify, to obtain possession of all or any part of the Collateral. If the Borrower shall for any reason fail to execute and deliver such instruments and documents after such request by the Agent, the Agent on behalf of the Lenders shall be entitled to a judgment for specific performance of the covenants contained in the foregoing sentence, conferring upon the Agent the right to immediate possession and requiring the Borrower to execute and deliver such instruments and documents to the Agent. The Agent on behalf of the Lenders shall also be entitled to pursue all or any part of the Collateral wherever it may be found and may enter any of the premises of the Borrower or any other Person wherever the

Collateral may be or be supposed to be and search for the Collateral and take possession of any item of the Collateral pursuant to this Section 10.3.1(e). The Agent may, from time to time, at the expense of the Borrower, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Collateral, as it may deem proper. In each such case, the Agent on behalf of the Lenders shall have the right to use, operate, store, lease, control or manage the Collateral and to exercise all rights and powers of the Borrower relating to the Collateral as the Agent shall deem appropriate, including the right to enter into any and all such agreements with respect to the use, operation, storage, leasing, control or management of the Collateral or any part thereof; and the Agent shall be entitled to collect and receive directly all tolls, rents, issues, profits, products, revenues and other income of the Collateral and every part thereof, without prejudice, however, to the right of the Agent or the Lenders under any provision of this Agreement to collect and receive cash held by, or required to be deposited with, the Agent or the Lender hereunder. In accordance with the terms of this Section 10.3.1(e), such tolls, rents, issues, profits, products, revenues and other income shall be applied to pay the expenses of using, operating, storing, leasing, controlling or managing the Collateral, and of all maintenance, insurance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Agent may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Collateral or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Borrower), and all other payments which the Agent may be required or authorized to make under any provision of this Agreement, including this Section 10.3.1(e), as well as just and reasonable compensation for the services of the Agent, and of all persons properly engaged and employed by the Agent.

If an Event of Default occurs and is continuing and the Agent on behalf of the Lenders shall have obtained possession of or title to the Equipment, the Agent shall not be obligated to use or operate the Equipment or cause the Equipment to be used or operated directly or indirectly by itself or through agents or other representatives or to lease, license or otherwise permit or provide for the use or operation of the Equipment by any other Person unless (i) the Agent shall have been able to obtain insurance in kinds, at rates and in amounts satisfactory to it in its discretion to protect the Collateral and the Agent and each Lender, against any and all liability for loss or damage to

the Equipment and for public liability and property damage resulting from use or operation of the Equipment and (ii) funds are available in the Collateral to pay for all such insurance.

(f) The Agent on behalf of the Lenders may proceed to protect and enforce this Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid if any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment for the indebtedness secured by the Lien created under this Agreement or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

In addition, the Borrower shall be liable, except as otherwise provided above, for any and all Obligations due hereunder before or during the exercise of any of the foregoing remedies, and for legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Agent's and the Lenders' remedies with respect thereto, including, without limitation, the repayment in full of any costs and expenses necessary to be expended in repairing any Unit in order to cause it to be in compliance with all maintenance and regulatory standards imposed by this Agreement or by law.

SECTION 10.3.2. Cumulative Remedies. Each right, power and remedy in this Agreement provided in favor of the Agent on behalf of the Lenders shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other rights, powers and remedies in its favor existing at law, in equity or by statute. The Borrower hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided to the maximum extent that such waiver is permitted by law. The Borrower hereby waives any and all existing or future claims of any right to assert any offset or counterclaim against the payments due hereunder, and agrees to make the payments regardless of any offset or counterclaim or claim which may be asserted by the Borrower on its behalf in connection with the use of the Equipment. To the maximum extent permitted by applicable law, the Borrower hereby waives any rights now or hereafter conferred by statute or otherwise that may require the Agent on behalf of the Lenders to sell, lease or otherwise use the Equipment in mitigation of the Agent's or the Lenders' damages or that may otherwise limit or modify any of the Agent's or the Lenders' rights and remedies provided in this Section 10.3.

SECTION 10.3.3. No Waiver. No delay or omission to exercise any right, power or remedy accruing to the Agent on behalf of the Lenders upon any breach or default by the Borrower under this Agreement shall impair any such right, power or remedy of the Agent, nor shall any such delay or omission be construed as a waiver of any breach or default, or of any similar breach or default, thereafter occurring; nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default.

SECTION 10.3.4. The Borrower's Duty to Deliver Equipment Upon Default. If the Agent or any assignee of the Agent shall exercise its remedies pursuant to Section 10.3.1(b), (c), (d) or (e), the Borrower shall forthwith deliver possession of the Equipment to the Agent on behalf of the Lenders. For the purpose of delivering possession of any Unit to the Agent as above required, the Borrower shall at its own cost, expense and risk:

(a) forthwith place such Equipment upon such storage tracks of the Borrower or any of its Affiliates or, at the expense of the Borrower, on any other storage tracks, as the Agent reasonably may designate or, in the absence of such designation, as the Borrower may select;

(b) permit the Agent to store such Equipment on such tracks without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Agent and during such period of storage the Borrower shall continue to maintain all insurance required by Section 8.10 hereof; and

(c) transport the Equipment to any place on any lines of railroad or to any connection carrier for shipment, all as the Agent reasonably may direct in writing.

All Equipment delivered shall be in the condition required by Section 6.14, 6.15 and 8.5.1.

All amounts earned in respect of the Equipment after the date of termination of this Agreement pursuant to Sections 9.2 or 9.3, but not exceeding the rental, per diem, or other similar charge for equipment received therefor, until the complete exercise of remedies under Section 10.3 has occurred, shall be paid to the Agent on behalf of the Lenders, and, if received by the Borrower, shall be promptly turned over to the Agent on behalf of the Lenders. In the event any Unit is not assembled, delivered and stored as hereinabove provided within 15 days after the termination of this Agreement, the Borrower shall, in addition, pay to the Agent on behalf of the Lenders, for each day thereafter an amount equal to the amount, if any, by which 125% of the Fair Market Rental Value for such Unit for each such day

exceeds the amount, if any, received by the Agent (either directly or from the Borrower) for such day for such Unit pursuant to the preceding sentence.

SECTION 10.3.5. Specific Performance; the Agent Appointed the Borrower's Agent. The assembling, delivery, storage and transporting of the Equipment as provided in Section 10.3 are of the essence to this Agreement, and upon application to any court of jurisdiction in the premises, the Agent shall be entitled to a decree against the Borrower, requiring specific performance of the covenants of the Borrower, so to assemble, deliver, store and transport the Equipment. Without in any way limiting the obligation of the Borrower under the provisions of Section 10.3, the Borrower hereby irrevocably appoints the Agent on behalf of the Lenders as the agent and attorney of the Borrower, with full power and authority, at any time while the Borrower is obligated to deliver possession of any Units to the Agent pursuant to Section 10.3, to demand and take possession of such Unit in the name and on behalf of the Borrower from whosoever shall be at the time in possession of such Unit.

SECTION 10.4. Filings; Further Assurances.

SECTION 10.4.1. Filings. On or prior to the Closing Date the Borrower will cause this Agreement to be duly filed and recorded with the ICC in accordance with 49 U.S.C. § 11303, and will furnish the Agent proof thereof.

SECTION 10.4.2. Further Assurances. The Borrower will duly execute and deliver to the Agent such further documents and assurances and take such further action as the Agent may from time to time reasonably request or as may be required by applicable law in order to effectively carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created in favor of the Agent on behalf of the Lenders hereunder, including, without limitation, the recording or filing of counterparts hereof or thereof in accordance with the laws of such jurisdiction as the Agent may from time to time deem advisable, and the filing of financing statements with respect thereto.

SECTION 10.4.3. Expenses. The Borrower will pay all costs, charges and expenses (including reasonable attorneys fees) incident to any such filing, refiling, recording and rerecording or depositing and re-depositing of any such instruments or incident to the taking of such action.

SECTION 10.5. The Agent's Right To Perform.

If the Borrower fails to make any payment required to be made by it hereunder or fails to perform or comply with any of

its other agreements contained herein, the Agent on behalf of the Lenders may itself make such payment or perform or comply with such agreement, after giving not less than five (5) Business Days' prior notice thereof to the Borrower (except in the event that a Default resulting solely from an Event of Default shall have occurred and be continuing, in which event the Agent may effect such payment, performance or compliance to the extent necessary to cure such Default with notice given concurrently with or promptly after such payment, performance or compliance), but shall not be obligated hereunder to do so, and the amount of such payment and of the reasonable expenses of the Agent incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the rate of interest specified in Section 3.2.2, to the extent permitted by applicable law, shall be payable by the Borrower on demand.

ARTICLE XI

THE AGENT

SECTION 11.1. Actions. Each Lender hereby appoints CIBC-NYA as its Agent under and for purposes of this Agreement, the Notes and each other Loan Document. Each Lender authorizes the Agent to act on behalf of such Lender under this Agreement, the Notes and each other Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by the Agent (with respect to which the Agent agrees that it will comply, except as otherwise provided in this Section or as otherwise advised by counsel), to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Agent by the terms hereof and thereof, together with such powers as may be reasonably incidental thereto. Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) the Agent, pro rata according to such Lender's Percentage, from and against any and all liabilities, obligations, losses, damages, claims, costs or expenses of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against, the Agent in any way relating to or arising out of this Agreement, the Notes and any other Loan Document, including reasonable attorneys' fees, and as to which the Agent is not reimbursed by the Borrower; provided, however, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, claims, costs or expenses which are determined by a court of competent jurisdiction in a final proceeding to have resulted solely from the Agent's gross negligence or willful misconduct. The Agent shall not be required to take any action hereunder, under the Notes or under any other Loan Document, or to prosecute or defend any suit in respect of this Agreement, the Notes or any

other Loan Document, unless it is indemnified hereunder to its satisfaction. If any indemnity in favor of the Agent shall be or become, in the Agent's determination, inadequate, the Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given.

SECTION 11.2. Exculpation. Neither the Agent nor any of its directors, officers, employees or agents shall be liable to any Lender for any action taken or omitted to be taken by it under this Agreement or any other Loan Document, or in connection herewith or therewith, except for its own wilful misconduct or gross negligence, nor responsible for any recitals or representation or warranties herein or therein, or for the effectiveness, enforceability, validity or due execution of this Agreement or any other Loan Document, nor for the creation, perfection or priority of any Liens purported to be created by any of the Loan Documents, or the validity, genuineness, enforceability, existence, value or sufficiency of any collateral security, nor to make any inquiry respecting the performance by the Borrower of its obligations hereunder or under any other Loan Document. Any such inquiry which may be made by the Agent shall not obligate it to make any further inquiry or to take any action. The Agent shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which the Agent believes to be genuine and to have been presented by a proper Person.

SECTION 11.3. Successor. The Agent may resign as such at any time upon at least 30 days' prior notice to the Borrower and all Lenders. If the Agent at any time shall resign, the Required Lenders may appoint another Lender as a successor Agent which shall thereupon become the Agent hereunder. If the Required Lenders do not make such appointment within 30 days, the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be one of the Lenders or a commercial banking institution organized under the laws of the U.S. (or any State thereof) or a U.S. branch or agency of a commercial banking institution, and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall be entitled to receive from the retiring Agent such documents of transfer and assignment as such successor Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation hereunder as the Agent, the provisions of

(a) this Article XI shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent under this Agreement; and

(b) Section 12.3 and Section 12.4 shall continue to inure to its benefit.

SECTION 11.4. Loans by the Agent. CIBC-NYA and any other Affiliate thereof which may at any time be acting as the Agent and Lender hereunder, shall have the same rights and powers with respect to (x) the Loans made by it or any of its Affiliates, and (y) the Notes held by it or any of its Affiliates as any other Lender and may exercise the same as if it were not the Agent. CIBC-NYA and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Affiliate thereof as if CIBC-NYA were not the Agent hereunder.

SECTION 11.5. Credit Decisions. Each Lender acknowledges that it has, independently of the Agent and each other Lender, and based on such Lender's review of the financial information of the Borrower, this Agreement, the other Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit decision to extend its Commitment. Each Lender also acknowledges that it will, independently of the Agent and each other Lender, and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement or any other Loan Document.

SECTION 11.6. Copies, etc. The Agent shall give prompt notice to each Lender of each notice or request required to be given to the Agent by the Borrower pursuant to the terms of this Agreement (unless concurrently delivered to the Lenders by the Borrower), which is required to be delivered to a Lender. The Agent will distribute to each Lender each document or instrument received for such Lender's account and copies of all other communications received by the Agent from the Borrower for distribution to the Lenders by the Agent in accordance with the terms of this Agreement.

ARTICLE XII

MISCELLANEOUS PROVISIONS

SECTION 12.1. Waivers, Amendments, etc. The provisions of this Agreement and of each other Loan Document may from time to

time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrower and the Required Lenders; provided, however, that no such amendment, modification or waiver:

(a) which would modify any requirement hereunder that any particular action be taken by all the Lenders or by the Required Lenders shall be effective unless consented to by each Lender;

(b) which would modify this Section 12.1, change the definition of "Required Lenders", increase the Commitment Amount or the Percentage of any Lender, change the amount of time for payment of any fees to the Lenders described in Article III or release all or substantially all the collateral security (including the Guaranty), shall be made without the consent of each Lender and each holder of a Note;

(c) which would extend the due date for, or reduce the amount of, any scheduled repayment (including the Scheduled Maturity Date) or prepayment of principal of, or interest on, any Loan (or reduce the principal amount of or rate of interest on any Loan), or extend the Commitment Termination Date shall be made without the consent of the holder of the Note evidencing such Loan; or

(d) which would affect adversely the interests, rights or obligations of the Agent in its capacity as the Agent or would amend provisions of this Agreement relating to the transfer of funds between the Agent and the Lenders (including the types of funds or the method of such transfer) shall be made without consent of the Agent.

No failure or delay on the part of the Agent, any Lender or the holder of any Note in exercising any power or right under this Agreement or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Borrower in any case shall entitle it to any notice or demand in similar or other circumstances. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

No waiver or approval by the Agent, any Lender or the holder of any Note under this Agreement or any other Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

SECTION 12.2. Notices. All notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing or by facsimile and addressed, delivered or transmitted to such party at its address or facsimile number set forth below its signature hereto or at such other address or facsimile number as may be designated by such party in a notice to the other parties given in accordance with this Section 12.2. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted.

SECTION 12.3. Payment of Costs and Expenses. The Borrower agrees to pay on demand all expenses of the Agent (including the fees and out of pocket expenses of Mayer, Brown & Platt, special counsel to the Lender, and the fees of the appraiser which performed the appraisal pursuant to Section 5.1.10) incurred in connection with

(a) the negotiation, preparation, execution and delivery of the commitment letter, this Agreement and of each other Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to this Agreement or any other Loan Document as may from time to time hereafter be required or requested, whether or not the transactions contemplated hereby or thereby, are consummated and

(b) the filing, recording, refileing or rerecording of this Agreement and all securities filings required pursuant to Sections 5.1.5 or 8.2 or Article X and all amendments, supplements and modifications to any thereof and any and all other documents or instruments of further assurance required to be filed or recorded or refiled or rerecorded by the terms hereof, and

(c) the preparation and review of the form of any document or instrument relevant to this Agreement or any other Loan Document.

The Borrower further agrees to pay, and to save the Agent and each Lender harmless from all liability for, any stamp or other taxes payable in connection with the execution, delivery or enforcement of this Agreement, the borrowings hereunder, or the issuance of the Notes or any other Loan Documents. The Borrower also agrees to reimburse the Agent and each Lender upon demand for all reasonable out-of-pocket expenses (including attorneys' fees and legal expenses) incurred by the Agent or such Lender in connection with (x) the negotiation of any restructuring or "work-out", whether or not consummated, of any Obligations and

(y) any Event of DeFault and collection, bankruptcy, insolvency and other enforcement proceedings relating to any Obligations of either Borrower or any Obligor. The obligations of the Borrower under this Section 12.3 shall survive any termination of this Agreement.

SECTION 12.4. Indemnification. In consideration of the execution and delivery of this Agreement by the Agent and each Lender and the extension of the Commitment, the Borrower hereby indemnifies, exonerates and holds the Agent and each Lender and each of their respective officers, directors, employees and agents (collectively, the "Indemnified Parties") free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' fees and disbursements (collectively, the "Indemnified Liabilities"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to

(a) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Loan;

(b) the entering into and performance of this Agreement and any other Loan Document by any of the Indemnified Parties (including any action brought by or on behalf of the Borrower as the result of any determination by the Lenders pursuant to Article V not to fund any Borrowing);

(c) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to the protection of the environment or the Release by the Borrower or any of its Subsidiaries of any Hazardous Material; or

(d) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any real property owned or operated by the Borrower or any Subsidiary thereof of any Hazardous Material (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, the Borrower,

except for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the relevant Indemnified Party's gross negligence or wilful misconduct, and if and to the extent that the foregoing

undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 12.5. Survival. The obligations of the Borrower under Sections 4.3, 4.4, 4.5, 4.6, 12.3 and 12.4, and the obligations of the Lenders under Section 12.5, shall in each case survive any termination of this Agreement, the payment in full of all Obligations and the termination of all Commitments. The representations and warranties made by the Borrower and each Obligor in this Agreement and in each other Loan Document shall survive the execution and delivery of this Agreement and each such other Loan Document.

SECTION 12.6. Severability. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 12.7. Headings. The various headings of this Agreement and of each other Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or such other Loan Document or any provisions hereof or thereof.

SECTION 12.8. Execution in Counterparts, Effectiveness, etc. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be executed by the Borrower and the Agent and be deemed to be an original and all of which shall constitute together but one and the same agreement. This Agreement shall become effective when counterparts hereof executed on behalf of the Borrower and each Lender (or notice thereof satisfactory to the Agent) shall have been received by the Agent and notice thereof shall have been given by the Agent to the Borrower and each Lender.

SECTION 12.9. Governing Law; Entire Agreement. **THIS AGREEMENT, THE NOTES AND EACH OTHER LOAN DOCUMENT SHALL EACH BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK.** This Agreement, the Notes and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 12.10. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that:

(a) the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of the Agent and all Lenders; and

(b) the rights of sale, assignment and transfer of the Lenders are subject to Section 12.11.

SECTION 12.11. Sale and Transfer of Loans and Note; Participations in Loans and Note. Each Lender may assign, or sell participations in, its Loans and Commitment to one or more other Persons in accordance with this Section 12.11.

SECTION 12.11.1. Assignments. Any Lender,

(a) with the written consents of the Borrower and the Agent (which consents shall not be unreasonably delayed or withheld and which consent, in the case of the Borrower, shall be deemed to have been given in the absence of a written notice delivered by the Borrower to such Lender, on or before the tenth Business Day after receipt by the Borrower of such Lender's request for consent, stating, in reasonable detail, the reasons why the Borrower proposes to withhold such consent) may at any time assign and delegate to one or more commercial banks or other financial institutions; and

(b) with notice to the Borrower and the Agent, but without the consent of the Borrower or the Agent, may assign and delegate to any of its Affiliates or to any other Lender;

(each Person described in either of the foregoing clauses as being the Person to whom such assignment and delegation is to be made, being hereinafter referred to as an "Assignee Lender"), all or any fraction of such Lender's total Loans and Commitment (which assignment and delegation shall be of a constant, and not a varying, percentage of all the assigning Lender's Loans and Commitment) in a minimum aggregate amount of \$5,000,000 (or, if less, the entire balance of its Commitment and/or Loans); provided, however, that any such Assignee Lender will comply, if applicable, with the provisions contained in Section 4.6; further, provided, that, the Borrower and the Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned and delegated to an Assignee Lender until

(c) written notice of such assignment and delegation, together with payment instructions, addresses and related information with respect to such Assignee Lender, shall have been given to the Borrower and the Agent by such Lender and such Assignee Lender;

(d) such Assignee Lender shall have executed and delivered to the Borrower and the Agent a Lender Assignment Agreement and notice of assignment substantially in the form of Exhibit H; and

(e) the processing fees described below shall have been paid.

From and after the date the Agent accepts such Lender Assignment Agreement, (x) the Assignee Lender thereunder shall be deemed automatically to have become a party hereto and to the extent that rights and obligations hereunder have been assigned and delegated to such Assignee Lender in connection with such Lender Assignment Agreement, shall have the rights and obligations of a Lender hereunder and under the other Loan Documents, and (y) the assignor Lender, to the extent that rights and obligations hereunder have been assigned and delegated by it in connection with such Lender Assignment Agreement, shall be released from its obligations hereunder and under the other Loan Documents. After its receipt of notice that the Agent has received an executed Lender Assignment Agreement, the Borrower and, if the assigning Lender has returned Loans and a Commitment hereunder, shall execute and deliver to the Agent (for delivery to the relevant Assignee Lender) a new Note evidencing such Assignee Lender's assigned Loans and Commitment, a replacement Note in the principal amount of the Loans and Commitment retained by the assignor Lender hereunder (such Note to be in exchange for, but not in payment of, that Note then held by such assignor Lender). Each such Note shall be dated the date of the predecessor Note. The assignor Lender shall mark the predecessor Note "exchanged" and deliver it to the Borrower. Accrued interest on that part of the predecessor Note evidenced by the new Note, and accrued fees, shall be paid as provided in the Lender Assignment Agreement. Accrued interest on that part of the predecessor Note evidenced by the replacement Note shall be paid to the assignor Lender. Accrued interest and accrued fees shall be paid at the same time or times provided in the predecessor Note and in this Agreement. Such assignor Lender or such Assignee Lender must also pay a processing fee to the Agent upon delivery of any Lender Assignment Agreement in the amount of \$3,000. Any attempted assignment and delegation not made in accordance with this Section 12.11.1 shall be null and void.

SECTION 12.11.2. Participations. Any Lender may at any time sell to one or more commercial banks or other Persons (each

of such commercial banks and other Persons being herein called a "Participant") participating interests in any of its Loans or Commitment; provided, however, that

(a) no participation contemplated in this Section 12.11.2 shall relieve such Lender from its Commitment or its other obligations hereunder or under any other Loan Document;

(b) such Lender shall remain solely responsible for the performance of its Commitment and such other obligations;

(c) the Borrower, each other Obligor and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and each other Loan Document;

(d) no Participant, unless such Participant is an Affiliate of such Lender, or is itself a Lender, shall be entitled to require such Lender to take or refrain from taking any action hereunder or under any other Loan Document; except that such Lender will not, without such Participant's consent, take any actions of the type described in clause (b) or (c) of Section 12.1; and

(e) the Borrower shall not be required to pay any amount under Article IV that is greater than the amount which it would have been required to pay had no participating interest been sold.

The Borrower acknowledges and agrees that each Participant, for purposes of Sections 4.3, 4.4, 4.5, 4.6, 4.8, 12.3 and 12.4, shall be considered a Lender.

SECTION 12.12. Collateral Matters. (a) The Agent is authorized on behalf of all the Lenders, without the necessity of any notice to or further consent from the Lenders, from time to time to take any action with respect to any collateral or the Loan Documents which may be necessary to perfect and maintain perfected the Liens upon the collateral granted pursuant to this Agreement.

(b) The Lenders irrevocably authorize the Agent at its option and in its discretion, to release any Lien granted to or held by the Agent upon any collateral (i) upon termination of the Commitments and payment in full of all Loans and all other Obligations payable under this Agreement and under any other Loan Document; (ii) constituting property sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder; (iii) constituting property in which the

Borrower owned no interest at the time the Lien and/or Lien was granted or at any time thereafter; (iv) constituting property leased to the Borrower under a lease which has expired or been terminated in a transaction permitted under this Agreement or is about to expire and which has not been, and is not intended by the Borrower to be, renewed or extended; (v) consisting of an instrument evidencing Indebtedness or other debt instrument, if the Indebtedness evidenced thereby has been paid in full; or (vi) if approved, authorized or ratified in writing by the Required Lenders or, if required by clause (b) of Section 12.1, each Lender. Upon request by the Agent, at any time, the Lenders will confirm in writing the Agent's authority to release particular types or items of collateral pursuant to this Section 12.13.

SECTION 12.13. Usury. It is the intention of the parties hereto to comply with applicable usury laws (now or hereafter enacted); accordingly, notwithstanding any provision to the contrary in this Agreement or in any other document otherwise relating hereto, in no event shall this Agreement or such documents require the payment or permit the collection of consideration which constitutes interest under applicable law in excess of the maximum amount permitted by such laws. If any such excess of interest is contracted for, charged or received under this Agreement or under any other document otherwise relating hereto, or in the event maturity of the indebtedness evidenced by this Agreement and such other documents is accelerated in whole or in part, or in the event that all or part of the principal amount of or interest on the Obligations shall be prepaid, so that under any of such circumstances the amount of interest contracted for, charged or received under this Agreement or under any other document otherwise relating hereto, on the principal amount of the Obligations actually outstanding from time to time under this Agreement shall exceed the maximum amount of interest permitted by applicable usury laws, now or hereafter enacted, then in any such event (a) the provisions of this Section 12.13 shall govern and control, (b) any such excess which may have been collected shall be either applied as a credit against the unpaid principal amount of the Obligations or refunded to the Borrower, and (c) the effective rate of interest shall be automatically reduced to the maximum lawful contract rate allowed under applicable usury laws as now or hereafter construed by the courts having jurisdiction thereof. Without limiting the foregoing, all calculations of the rate of interest contracted for, charged or received under this Agreement or under such other documents which are made for the purpose of determining whether such rate exceeds the maximum lawful contract rate, shall be made, to the extent permitted by law, by amortizing, prorating, allocating and spreading in equal parts during the period of the full stated term of the Obligations all interest at any time contracted for, charged or received from the Borrower or otherwise by the Lender in connection therewith.

SECTION 12.14. Other Transactions. Nothing contained herein shall preclude the Agent or any other Lender from engaging in any transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 12.15. Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE AGENT, THE LENDERS OR THE BORROWER SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. THE BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

SECTION 12.16. Waiver of Jury Trial. THE AGENT, THE LENDERS AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE AGENT, THE LENDERS OR THE BORROWER. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR

THE AGENT AND THE LENDERS ENTERING INTO THIS AGREEMENT AND EACH
SUCH OTHER LOAN DOCUMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

FORMOSA PLASTICS CORPORATION, U.S.A.

By: 

Robert P.H. Ho
AVP & Treasurer

Address: 9 Peach Tree Hill Road
Livingston, NJ 07039
Facsimile No.: 201-992-8284

Attention: Robert P.H. Ho

ACKNOWLEDGEMENT

STATE OF NEW YORK
COUNTY OF NEW YORK

§
§ SS.:
§

Personally appeared before me, the undersigned Notary Public, on this 23rd day of June, 1995, within my jurisdiction, the within named Robert P.H. Ho, who acknowledged that he is the AVP & Treasurer of Formosa Plastics Corporation, U.S.A., a Delaware corporation, and that for and on behalf of the said corporation, and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

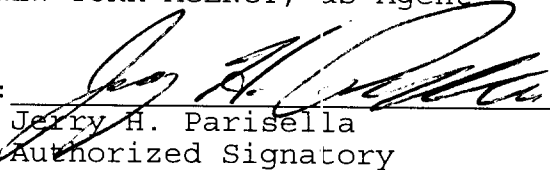

NOTARY PUBLIC

My Commission Expires:

CHRISTIAN JOYEL ROLLOW
Notary Public, State of New York
No: 01R05038489
Qualified in New York County
Certificate Filed in New York County
Commission Expires January 30, 1997
[seal]

CANADIAN IMPERIAL BANK OF COMMERCE,
NEW YORK AGENCY, as Agent

By:


Jerry H. Parisella
Authorized Signatory

Address: 425 Lexington Avenue
New York, New York 10017

Facsimile No.: 212-856-3991

Attention: Jerry H. Parisella
Phone: 212-856-3542

Domestic
Office: 425 Lexington Avenue
New York, New York 10017

Facsimile No.: 212-856-3763

Attention: Arlene Telleran
Phone: 212-856-3695

LIBOR Office: 425 Lexington Avenue
New York, New York 10017

Facsimile No.: 212-856-3763

Attention: Arlene Telleran
Phone: 212-856-3695

PAYMENT INSTRUCTIONS

NAME OF CREDIT BANK:

CITY, STATE:

METHOD OF PAYMENT:

FOR CREDIT TO:

ACCOUNT NUMBER:

FOR FURTHER CREDIT TO:

ACCOUNT NUMBER:

ATTENTION:

REFERENCE:

MORGAN GUARANTY TRUST COMPANY OF NEW
YORK
NEW YORK, NEW YORK
FEDWIRE ABA # 021-000-238
CANADIAN IMPERIAL BANK OF COMMERCE, NEW
YORK AGENCY
630-00-480
"AGENTED LOANS ACCOUNT"
07-09611
SYNDICATIONS DEPT.

FORMOSA PLASTICS CORP. USA.

ACKNOWLEDGEMENT

STATE OF NEW YORK
COUNTY OF NEW YORK

§
§ ss.:
§

Personally appeared before me, the undersigned Notary Public, on this 23rd day of June, 1995, within my jurisdiction, the within named Jerry H. Parisella, who acknowledged that he is an authorized signatory of Canadian Imperial Bank of Commerce, New York Agency, and that for and on behalf of Canadian Imperial Bank of Commerce, New York Agency, and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by Canadian Imperial Bank of Commerce, New York Agency so to do.


NOTARY PUBLIC

My Commission Expires:

CHRISTIAN JOYEL ROLLOW
Notary Public, State of New York
No: 01RO5038489
~~Qualified in New York County~~
Certificate Filed in New York County
Commission Expires January 30, 1997
[Seal]

AMOUNT AND PERCENTAGE

\$16,133,668 17.139104788 %

LENDERS

CIBC INC.

By: 

Jerry H. Parisella
Authorized Signatory

Address: 425 Lexington Avenue
New York, New York 10017

Facsimile No.: 212-856-3991

Attention: Jerry H. Parisella
Phone: 212-856-3542

Domestic

Office: 425 Lexington Avenue
New York, New York 10017

Facsimile No.: 212-856-3763

Attention: Arlene Tellerman
Phone: 212-856-3695

LIBOR

Office: 425 Lexington Avenue
New York, New York 10017

Facsimile No.: 212-856-3763

Attention: Arlene Tellerman
Phone: 212-856-3695

ACKNOWLEDGEMENT

STATE OF NEW YORK

§

COUNTY OF NEW YORK

§

ss.:

§

Personally appeared before me, the undersigned Notary Public, on this 23rd day of June, 1995, within my jurisdiction, the within named Jerry H. Parisella, who acknowledged that he is an authorized signatory of CIBC Inc., and that for and on behalf of CIBC Inc., and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by CIBC Inc. so to do.

Christian Joyel Rollow

NOTARY PUBLIC

My Commission Expires:

CHRISTIAN JOYEL ROLLOW
Notary Public, State of New York
No: 01RO5038489
Qualified in New York County
Certificate Filed in New York County
Commission Expires January 30, 1997
[Seal]

\$13,000,000

13.810149202 %

ABN AMRO BANK N.V. NEW YORK BRANCH

By: John W. Degan
Name: John W. Degan
Title: V.P.

By: David A. Manick
Name: David A. Manick
Title: VP

Address: 500 Park Avenue
New York, New York 10022

Facsimile No.: 212-832-7468

Attention: George Dugan
Phone: 212-446-4332

Domestic

Office: 500 Park Avenue
New York, New York 10022

Facsimile No.: 212-832-7468

Attention: Melissa Jeter
Phone: 212-446-4224

LIBOR

Office: 500 Park Avenue
New York, New York 10022

Facsimile No.: 212-832-7468

Attention: Melissa Jeter
Phone: 212-446-4224

Sworn to me on this 22nd day of
June 1995

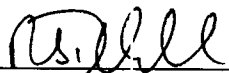
Despina Daifakos
Notary Public

[Notarial Seal]

DESPINA DAIFAKOS
Notary Public, State of New York
No. 01DA5038774
Qualified in Queens County
Certificate Filed in New York County
Commission Expires Feb. 6, 1997

\$23,000,000 24.433340896%

SOCIETE GENERALE

By: 
Name: Richard Cuene-Grandidier
Title: Vice President

By: _____
Name: _____
Title: _____

Address: 1221 Ave. of the Americas
New York, New York 10020

Facsimile No.: 212-278-7462

Attention: Pascal C. Pinson
Phone: 212-278-6966

Domestic
Office: 1221 Ave. of the Americas
New York, New York 10020

Facsimile No.: 212-278-7462

Attention: Maggie Hardy
Phone: 212-278-6949

LIBOR
Office: 1221 Ave. of the Americas
New York, New York 10020

Facsimile No.: 212-278-7462

Attention: Maggie Hardy
Phone: 212-278-6949 ||

State of New York } ss.
County of New York }

Signed before me this 22nd day of
June 1995 by RICHARD CUENE-GRANDIDIER,
to me known to be a Vice President
of Societe Generale.



Notary Public GARY I. GLASSMAN
Notary Public, State of New York
No. 4031402
Qualified in New York County
[Notarial Seal] Commission Expires June 2, 1998
96

\$29,000,000 30.807255912 %

BANQUE NATIONALE DE PARIS

By: 

Name: Clive Bettles

Title: Vice President

By: 

Name: Jenny Tseng

Title: Vice President

Address: 725 South Figueroa Street
Suite 2090
Los Angeles, CA 90017

Facsimile No.: 213-488-9602

Attention: Jenny Tseng
Phone: 213-488-9120

Domestic

Office: 180 Montgomery Street
San Francisco, CA 94104

Facsimile No.: 415-989-9041

Attention: Don Hart
Phone: 415-956-2511

LIBOR

Office: 180 Montgomery Street
San Francisco, CA 94104

Facsimile No.: 415-989-9041

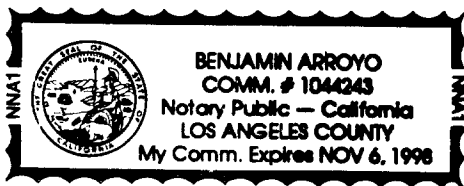
Attention: Don Hart
Phone: 415-989-2511

State of California § ss.
County of Los Angeles §

Signed before me this 21st
day of June, 1995, by Clive Bettles
to me known to be a Vice President
of Banque Nationale de Paris and by
Jenny Tseng to me known to be a
Vice President of Banque Nationale
de Paris.


Notary Public

[Notarial Seal]



\$13,000,000 13.810149202%

BANK BRUSSELS LAMBERT,
NEW YORK BRANCH

By: Eric Hollanders
Name: Senior Vice President
Title: Credit Management

By: Joyce Thunnissen
Name: Joyce Thunnissen
Title: Vice President

Address: 630 Fifth Avenue
Suite 630
New York, New York 10111

Facsimile No.: 212-333-5786

Attention: Jurgen Rigterink
Phone: 212-632-5304

Domestic

Office: 630 Fifth Avenue
Suite 630
New York, New York 10111

Facsimile No.: 212-632-5308

Attention: Jose Garces
Phone: 212-632-5429

LIBOR

Office: 630 Fifth Avenue
Suite 630
New York, New York 10111

Facsimile No.: 212-632-5308

Attention: Jose Garces
Phone: 212-632-5429

State of New York § ss.
County of New York §

Signed before me this 22nd day of
June, 1995, by Eric Hollanders
to me known to be a Senior Vice
President of Bank Brussels Lambert,
New York Branch and Joyce Thunnissen
to me known to be a Senior Vice
President of Bank Brussels Lambert,
New York Branch.

Paula R. Louzeiro
Notary Public

[Notarial Seal]

PAULA R. LOUZEIRO
Notary Public, State of New York
No. 41-4983461
Qualified in Queens County 97
Commission Expires July 1, 19...

1.1. Defined Terms. The following terms (whether or not underscored) when used in the Loan and Security Agreement to which this appendix is attached, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Affiliate" of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person (excluding any trustee under, or any committee with responsibility for administering, any Plan). A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power

(a) to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or

(b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agent" means

(a) CIBC-NYA;

(b) any other office or agency of Canadian Imperial Bank of Commerce within the United States of America of which the Lenders and the Borrower are notified and

(i) to which the rights and responsibilities of the Agent hereunder may be transferred from time to time; or

(ii) which may, from time to time on behalf of CIBC-NYA or any such transferee, act pursuant to the terms and conditions hereof as Agent for the Lenders under this Agreement or any other Loan Document; or

(c) such other Lender or financial institution as shall have subsequently been appointed as the successor Agent pursuant to Section 11.4.

"Agreement" means, on any date, this Loan and Security Agreement as originally in effect on the Effective Date and as thereafter from time to time amended, supplemented, amended and restated, or otherwise modified and in effect on such date.

"Alternate Base Rate" means, on any date and with respect to all Base Rate Loans, a fluctuating rate of interest per annum equal to the higher of

(a) the rate of interest most recently announced established by the Agent at its Domestic Office as its base rate; and

(b) the Federal Funds Rate most recently determined by the Agent plus .5 of 1%.

The Alternate Base Rate is not necessarily intended to be the lowest rate of interest determined by the Agent in connection with extensions of credit. Changes in the rate of interest on that portion of any Loan maintained as a Base Rate Loan will take effect simultaneously with each change in the Alternate Base Rate.

"Applicable Margin" means (a) so long as the Guaranty is in full force and effect or the Borrower has satisfied the requirements of and is in compliance with Section 7.4(a),

(i) in the case of a LIBO Rate Loan, .6 of 1%; and

(ii) in the case of a Base Rate Loan, .5 of 1%

(b) at all other times,

(i) in the case of a LIBO Rate Loan, .75 of 1%; and

(ii) in the case of a Base Loan Rate Loan, .65 of 1%.

"Assignee Lender" is defined in Section 12.11.1.

"Authorized Officer" means, relative to any Obligor, those of its officers whose signatures and incumbency shall have been certified to the Agent pursuant to Section 5.1.1.

"Base Rate Loan" means a Loan bearing interest at a fluctuating rate determined by reference to the Alternate Base Rate.

"Borrower" is defined in the preamble.

"Borrowing" means the Loans of the same type and having the same Interest Period made by the Lenders on the same Business Day and pursuant to the same Borrowing Request in accordance with Section 2.3.

"Borrowing Request" means a loan request and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of Exhibit B hereto.

"Business Day" means

(a) any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York; and

(b) relative to the making, continuing, prepaying or repaying of any LIBO Rate Loans, any day on which dealings in Dollars are carried on in the New York eurodollar market.

"Capitalization" means for any period, the amount equal to capitalization determined in accordance with GAAP, which in any case shall include Total Debt, stockholders' investment, and minority interest in the equity of its Subsidiaries, determined on a consolidated basis consistent with the Borrower's audited consolidated financial statements dated December 31, 1994.

"Capitalized Lease Liabilities" means all monetary obligations of the Borrower or any of its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Cash Equivalent Investment" means, at any time:

(a) any evidence of Indebtedness, maturing not more than one year after such time, issued or guaranteed by the United States Government;

(b) commercial paper, maturing not more than nine months from the date of issue, which is issued by

(i) a corporation (other than an Affiliate of the Borrower) organized under the laws of any state of the United States or of the District of Columbia and rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Investors Service, Inc., or

(ii) any Lender (or its holding company);

(c) any certificate of deposit or bankers acceptance, maturing not more than one year after such time, which is issued by either

(i) a commercial banking institution that is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than \$500,000,000, or

(ii) any Lender; or

(d) any repurchase agreement entered into with the Lender (or other commercial banking institution of the stature referred to in clause (c)(i)) which

(i) is secured by a fully perfected security interest in any obligation of the type described in any of clauses (a) through (c), and

(ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of the Lender (or other commercial banking institution) thereunder.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CERCLIS" means the Comprehensive Environmental Response Compensation Liability Information System List.

"Change in Control" means the failure of Mr. Y.C. Wang and his family or any corporation controlled by Mr. Y.C. Wang to own, free and clear of all Liens or other encumbrances, 60% of the outstanding shares of voting stock of the Borrower on a fully diluted basis or the failure of the Borrower to own, free and clear of Liens or other encumbrances, 100% of the outstanding voting stock of each Subsidiary on a fully diluted basis.

"CIBC Leasing" means CIBC Leasing Inc.

"CIBC Leasing Fee Letter" means the letter agreement, dated March 14, 1995, between the Borrower and CIBC Leasing Inc., as amended, supplemented, amended and restated or otherwise modified from time to time.

"CIBC-NYA" means Canadian Imperial Bank of Commerce, acting through its New York Agency.

"Closing Date" means June 23, 1995.

"Closing Date Certificate" means a certificate duly executed by an Authorized Officer of the Borrower, in substantially the form of Exhibit E hereto.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral" is defined in Section 10.1.

"Commitment" means the Lenders' obligation to make Loans pursuant to Section 2.1.1.

"Commitment Amount" means, on any date, \$94,133,668, as such amount may be reduced from time to time pursuant to Section 2.2.

"Commitment Termination Date" means the earliest of

(a) June 30, 1995;

(b) the date on which the Commitment Amount is fully drawn, terminated in full or reduced to zero pursuant to Section 2.2; and

(c) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described above, the Commitment shall terminate automatically and without any further action.

"Commitment Termination Event" means

(a) the occurrence of any Default described in clauses (a) through (d) of Section 9.1.9 with respect to the Borrower or any Subsidiary; or

(b) the occurrence and continuance of any other Event of Default and either

(i) the declaration of the Loans to be due and payable pursuant to Section 9.3, or

(ii) in the absence of such declaration, the giving of notice by the Agent to the Borrower that the Commitment has been terminated.

"Contingent Liability" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness,

obligation or any other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the debt, obligation or other liability guaranteed thereby.

"Controlled Group" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414(b) or 414(c) of the Code or Section 4001 of ERISA.

"Current Assets" means, as at the time any determination is to be made, current assets as determined in accordance with generally accepted accounting principles, consistently applied.

"Current Liabilities" means, as at the time any determination is to be made, current liabilities as determined in accordance with generally accepted accounting principles consistently applied.

"Default" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

"Disclosure Schedule" means the Disclosure Schedule attached hereto as Schedule II, as it may be amended, supplemented or otherwise modified from time to time by the Borrower with the written consent of the Agent.

"Dollar" and the sign "\$" mean lawful money of the United States.

"Domestic Office" means, relative to the Agent or any Lender, the office thereof designated as such below its signature hereto (or designated pursuant to a Lender Assignment Agreement) or such other office of such Lender within the United States as may be designated from time to time by notice from such Lender to the Borrower and the Agent.

"EBITDA" means, for any period, the sum for such period of all amounts which, in accordance with GAAP, would be included on the consolidated financial statements of the Borrower and its Subsidiaries, as (pretax) income from continuous operations, plus interest expense, plus amortization; plus depreciation.

"Effective Date" means the date this Agreement becomes effective pursuant to Section 12.8.

"Environmental Laws" means all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and guidelines (including consent decrees and administrative orders) relating to public health and safety and protection of the environment.

"Equipment" is defined in the second recital and includes, without limitation, collectively those items of railroad rolling stock described therein and together with any and all accessions, additions, improvements, substitutions and replacements from time to time incorporated or installed in any item thereof which are the property of the Borrower.

"Equipment Cost" shall mean, for each Unit, the purchase price therefor paid by the Borrower as set forth in Schedule I with respect to such Unit.

"Equipment Group" shall mean all Units which are included within each of the categories of Equipment (designated as Equipment Group Numbers) set forth on Schedule I as may be amended from time to time.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA also refer to any successor sections.

"Event of Default" is defined in Section 9.1.

"Event of Loss" is defined in Section 8.7.1.

"Existing Equipment" is defined in the second recital.

"Fair Market Rental Value" and "Fair Market Sales Value", with respect to any Unit, shall mean the cash rent or cash price obtainable for such Unit in an arm's length lease or sale between an informed and willing lessee or purchaser (other than a lessee or purchaser currently in possession) under no compulsion to lease or purchase, as the case may be, and an informed and willing lessee or seller, under no compulsion to lease or sell, as the case may be, such determination to be made (i) on the assumption that such Unit is in at least the condition and state of repair required by this Agreement, on the assumption that such Unit is not subject to this Agreement or any other lease or sublease, as the same shall be specified by agreement between the Agent and the Borrower, or, if the Agent and the Borrower shall be unable to agree upon such a determination within 30 days

following a request by either such party therefor "Fair Market Rental Value" and "Fair Market Sales Value" shall be determined by each of the Lenders and the Borrower choosing an appraiser and the two appraisers choosing a third appraiser and each of the three appraisers valuing the Unit and the three resulting values being averaged to find the requisite determination. Notwithstanding any of the foregoing, for the purposes of Article X, the Fair Market Sales Value shall be zero with respect to any Unit if the Agent is unable to recover possession of such Unit in accordance with the terms of paragraph (b) of Section 10.3.1.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to

(a) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York; or

(b) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three federal funds brokers of recognized standing selected by it.

"Fiscal Quarter" means any quarter of a Fiscal Year.

"Fiscal Year" means any period of twelve consecutive calendar months ending on December 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g. the "1994 Fiscal Year") refer to the Fiscal Year ending on the December 31 occurring during such calendar year.

"F.R.S. Board" means the Board of Governors of the Federal Reserve System or any successor thereto.

"Funds Flow from Operations" means, for any period, the amount equal to funds flow for operations determined in accordance with GAAP, which in any case shall include the sum for such period of Net Income from continuing operations, depreciation, amortization, deferred income taxes, and other noncash items determined on a consolidated basis consistent with the Borrower's financial statements dated December 31, 1994.

"GAAP" is defined in Section 1.4 of this Appendix A.

"Governmental Authority" shall mean any federal, state, county, municipal or other local or foreign governmental authority or judicial or regulatory agency, board, body,

commission, instrumentality, court or quasi-governmental authority from time to time having jurisdiction over any Unit or any Person that is a party to any Loan Document, any property of any of them or any of the transactions contemplated by any Loan Document.

"Guarantor" means Formosa Plastics Corporation, a company organized under the law of Taiwan.

"Guaranty" means the Guaranty executed and delivered pursuant to Section 5.1.5, substantially in the form of Exhibit C hereto, as amended, supplemented, restated or otherwise modified from time to time.

"Hazardous Material" means

- (a) any "hazardous substance", as defined by CERCLA;
- (b) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended;
- (c) any petroleum product; or
- (d) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance within the meaning of any other applicable federal, state or local law, regulation, ordinance or requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended or hereafter amended.

"Hedging Obligations" means, with respect to any Person, all liabilities of such Person under interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"herein", "hereof", "hereto", "hereunder" and similar terms contained in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular Section, paragraph or provision of this Agreement or such other Loan Document.

"Impermissible Qualification" means, relative to the opinion or certification of any independent public accountant as to any financial statement of any Obligor, any qualification or exception to such opinion or certification

- (a) which is of a "going concern" or similar nature;

(b) which relates to the limited scope of examination of matters relevant to such financial statement; or

(c) which relates to the treatment or classification of any item in such financial statement and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause such Obligor to be in default of any of its obligations under Section 9.1.5.

"including" means including without limiting the generality of any description preceding such term, and, for purposes of this Agreement and each other Loan Document, the parties hereto agree that the rule of contract construction that would limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned shall not be applicable hereunder.

"Indebtedness" of any Person means, without duplication:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person;

(c) all obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as Capitalized Lease Liabilities;

(d) all other items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of such Person as of the date at which Indebtedness is to be determined;

(e) net liabilities of such Person under all Hedging Obligations;

(f) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services, and indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; and

(g) all Contingent Liabilities of such Person in respect of any of the foregoing.

For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer.

"Indemnified Liabilities" is defined in Section 12.4.

"Indemnified Parties" is defined in Section 12.4.

"Interest Payment Date" means the last day of each Interest Period.

"Interest Period" means the period beginning on (and including) the date on which such Loan is made, continued or converted as pursuant to Section 2.2 or 2.3 and shall end on (but exclude) the day which numerically corresponds to such date three months thereafter (or, if such month has no numerically corresponding day, on the last Business Day of such month); provided, however, that

(a) if such Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next following Business Day (unless such next following Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day); and

(b) no Interest Period may end later than the Stated Maturity Date.

"Investment" means, relative to any Person,

(a) any loan or advance made by such Person to any other Person (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business);

(b) any Contingent Liability of such Person; and

(c) any ownership or similar interest held by such Person in any other Person.

The amount of any Investment shall be the original principal or capital amount thereof less all returns of principal or equity thereon (and without adjustment by reason of the financial condition of such other Person) and shall, if made by the transfer or exchange of property other than cash, be deemed to

have been made in an original principal or capital amount equal to the fair market value of such property.

"Lender" and "Lenders" have the respective meanings assigned to such terms in the preamble and shall also include (whether used in the singular or the plural form) any and all Persons to whom the Notes (or any portion thereof) or any Loan is assigned in accordance with Section 12.11.1.

"LIBO Rate" is defined in Section 3.2.1.

"LIBO Rate Loan" means a Loan bearing interest, at all times during an Interest Period applicable to such Loan, at a fixed rate of interest determined by reference to the LIBO Rate (Reserve Adjusted).

"LIBO Rate (Reserve Adjusted)" is defined in Section 3.2.1.

"LIBOR Office" means, relative to any Lender the office, such Lender designated as such below its signature hereto or designated in the Lender Assignment Agreement, or such other office of the Lender (or any successor or assign of such Lender) as designated from time to time by notice from such Lender to the Borrower and the Agent, whether or not outside the United States, which shall be making or maintaining LIBO Rate Loans of such Lender hereunder.

"LIBOR Reserve Percentage" is defined in Section 3.2.1.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property to secure payment of a debt or performance of an obligation or other priority or preferential arrangement of any kind or nature whatsoever.

"Loan" is defined in Section 2.1.1.

"Loan Documents" means this Agreement, the Notes, the Guaranty and the Security Documents.

"Loss Value" shall mean the current value of the Unit in question determined as follows: (a) the appraised value of each such Unit as set forth in the appraisal delivered pursuant to Section 5.1.10 minus (b) .75 multiplied by the number of interest payment dates which have occurred as of the date "Loss Value" is to be determined multiplied by such purchase price or appraisal value, as applicable.

"Material" as used in Sections 6.10 and 7.1.11 only, shall mean as the context requires, any circumstances, state of facts

or matters which have, or may reasonably be expected to have, an adverse effect of \$1,000,000 or more (whether for remedial measures, penalties or otherwise).

"Net Income" means, for any period, the amount equal to net income determined in accordance with GAAP, and in any case shall be determined on a consolidated basis consistent with the Borrower's financial statements dated December 31, 1994.

"New Equipment" is defined in the second recital.

"Note" means a promissory note or notes of the Borrower payable to any Lender, in the form of Exhibit A hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of the Borrower to such Lender resulting from outstanding Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"Obligations" means all obligations (monetary or otherwise) of the Borrower and each other Obligor arising under or in connection with this Agreement, the Notes and each other Loan Document.

"Obligor" means the Borrower or any other Person (other than the Agent or the Lenders) obligated under any Loan Document, including, without limitation, the Guarantor.

"Organic Document" means, relative to any Obligor, its certificate of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized shares of capital stock.

"Participant" is defined in Section 12.11.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Pension Plan" means a "pension plan", as such term is defined in section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in section 4001(a)(3) of ERISA), and to which the Borrower or any corporation, trade or business that is, along with the Borrower, a member of a Controlled Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

"Percentage" means, relative to any Lender, the percentage set forth opposite its signature hereto or set forth in the

Lender Assignment Agreement to which such Lender is a Party, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreement(s) executed by such Lender and its Assignee Lender(s) and delivered pursuant to Section 12.11.

"Permitted Liens" means

(a) Liens securing payment of the Obligations, granted pursuant to any Loan Document;

(b) Liens granted prior to the Effective Date to secure payment of Indebtedness of the type permitted and described in clause (c) of Section 7.2.1;

(c) Liens for taxes, assessments or other governmental charges or levies not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books and which shall not materially adversely affect the rights or interests of the Agent or the Lenders or otherwise expose the Agent or the Lenders to criminal sanctions;

(d) Liens of carriers, warehousemen, mechanics, materialmen and landlords incurred in the ordinary course of business for sums not overdue or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books and which shall not materially adversely affect the rights or interests of the Agent or the Lenders or otherwise expose the Agent or the Lenders to criminal sanctions;

(e) Liens incurred in the ordinary course of business in connection with workmen's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, leases and contracts (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety or appeal bonds; and

(f) judgment Liens in existence less than 15 days after the entry thereof or with respect to which execution has been stayed or the payment of which is covered in full (subject to a customary deductible) by insurance maintained with responsible insurance companies.

"Person" means any natural person, corporation, firm, association, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"Plan" means any Pension Plan or Welfare Plan.

"Release" means a "release", as such term is defined in CERCLA.

"Required Lenders" means, at any time prior to the Commitment Termination Date, Lenders holding at least 66% of the Commitments and, after the Commitment Termination Date, Lenders holding at least 66% of the then aggregate outstanding principal amount of Loans.

"Resource Conservation and Recovery Act" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., as in effect from time to time.

"Security Documents" means all the documents and filings required pursuant to Section 5.1.6, 8.2, 8.8, 10.4.1 and 10.4.2.

"Stated Maturity Date" means the seventh anniversary of the initial Borrowing or any earlier date which results from any Loan accelerated in accordance with Section 9.2 or 9.3.

"Stockholders' Investment" means, for any period, the amount equal to the stockholders' equity determined in accordance with GAAP, determined on a consolidated basis consistent with the Borrower's financial statements dated December 31, 1994.

"Subordinated Debt" means all unsecured Indebtedness of the Borrower for money borrowed which is subordinated, upon terms satisfactory to the Agent, in right of payment to the payment in full in cash of all Obligations.

"Subsidiary" means, with respect to any Person, any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person.

"Tangible Net Worth" shall mean, as at the time any determination thereof is to be made, the excess of (i) Total Assets of such entity over (ii) Total Liabilities of such entity.

"Taxes" is defined in Section 4.6.

"Total Assets" shall mean, as at the time any determination thereof is to be made, the net book value of the assets of which entity (excluding from assets, however, amounts due, if any, from such entity's officers and employees, any patents, patent rights, trademarks, trade names, franchises, copyrights, licenses, goodwill and similar intangible assets) after all appropriate deductions determined in accordance with generally accepted accounting principles, consistently applied (including, without limitation, reserves for doubtful receivables, obsolescence, etc.).

"Total Debt" means, for any period, the amount equal to total debt determined in accordance with GAAP, which in any case shall include (without duplication) the Borrower's current maturities of long term debt, outstanding commercial paper, all short term borrowings, and long term debt (including capital leases) of the Borrower, determined on a consolidated basis consistent with the Borrower's audited consolidated financial statement dated December 31, 1994.

"Total Liabilities" shall mean, as at the time any determination is to be made, all indebtedness whenever maturing including, but not limited to, accounts payable, accrued expenses, borrowed money and capitalized leases, and all other liabilities, including, but not limited to, Contingent Liabilities, determined in accordance with generally accepted accounting principles, consistently applied.

"Total Liabilities to Tangible Net Worth Ratio" shall mean, as at the time any determination thereof is to be made, a ratio, the numerator of which shall be Total Liabilities and the denominator of which shall be Tangible Net Worth.

"type" means, relative to any Loan, the portion thereof, if any, being maintained as a Base Rate Loan or a LIBO Rate Loan.

"Unit" shall mean each unit or item of Equipment.

"United States" or "U.S." means the United States of America, its fifty States and the District of Columbia.

"Welfare Plan" means a "welfare plan", as such term is defined in section 3(1) of ERISA.

1.2 Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Appendix shall have such meanings when used in the Disclosure Schedule and the Notes and in each Borrowing Request, Loan Document, notice and other communication delivered from time to time in connection with the Agreement or any other Loan Document.

1.3. Cross-References. Unless otherwise specified, references in the Agreement, including this Appendix A and in each other Loan Document to any Article or Section are references to such Article or Section of the Agreement or such other Loan Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

1.4 Accounting and Financial Determinations. Unless otherwise specified, all accounting terms used herein or in any other Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder (including under Section 7.1.5) shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared in accordance with, those generally accepted accounting principles in the United States of America ("GAAP") applied in the preparation of the financial statements referred to in Section 6.5.

SCHEDULE A

AMORTIZATION SCHEDULE

[See Attached]

**FORMOSA PLASTICS CORPORATION USA
AMORTIZATION SCHEDULE**

		\$94,133,668.00
		Principal Amount
<u>Payment</u>	<u>Repayment</u>	<u>Outstanding after</u>
<u>Date</u>	<u>Amount</u>	<u>Payment</u>
6/23/95		
9/23/95	\$975,338	\$93,158,330
12/23/95	\$975,338	\$92,182,992
3/23/96	\$975,338	\$91,207,654
6/23/96	\$975,338	\$90,232,316
9/23/96	\$975,338	\$89,256,978
12/23/96	\$975,338	\$88,281,640
3/23/97	\$975,338	\$87,306,302
6/23/97	\$975,338	\$86,330,964
9/23/97	\$975,338	\$85,355,626
12/23/97	\$975,338	\$84,380,288
3/23/98	\$975,338	\$83,404,950
6/23/98	\$975,338	\$82,429,612
9/23/98	\$975,338	\$81,454,274
12/23/98	\$975,338	\$80,478,936
3/23/99	\$975,338	\$79,503,598
6/23/99	\$975,338	\$78,528,260
9/23/99	\$975,338	\$77,552,922
12/23/99	\$975,338	\$76,577,584
3/23/00	\$975,338	\$75,602,246
6/23/00	\$975,338	\$74,626,908
9/23/00	\$975,338	\$73,651,570
12/23/00	\$975,338	\$72,676,232
3/23/01	\$975,338	\$71,700,894
6/23/01	\$975,338	\$70,725,556
9/23/01	\$975,338	\$69,750,218
12/23/01	\$975,338	\$68,774,880
3/23/02	\$975,338	\$67,799,542
6/23/02	\$975,338	\$66,824,204

SCHEDULE I

EQUIPMENT LIST AND DESCRIPTION

PART A Units as of Closing (2129 Units): Road Numbers

[See Attached]

A) EXISTING CARS

PART I:

EQUIPMENT

COMMODITY	CAR SERIES		UNIT	CAPACITY C.FT.	MAKER	YEAR BUILT	UNIT ORIGINAL PRICE	UNIT MARKET PRICE	TOTAL VALUE
PVC	FPAX 3 DIGIT	459,483,672,674-677,679, 681,682,685-690,692,693, 695-700,702,704,706-712, 714,717-722,724,726,727, 729,731-736,738,740,-745, 749,950,755,757,758,762-764, 766-777,779-781,783-790	88	5,250	ACF	1977	36,000	20,000	1,760,000
	FPAX 944xxx	944600-944604	168	5,250	ACF	1971	18,000	9,000	1,512,000
	FPAX 945xxx	945200-945203,945208,945210, 945212-945214,945220,945222, 945224,945225,945228,945230, 945240,945245,945246,045249, 946252,045265,945268,945271, 945280,945285,945287,945288, 945289,945296,945297,945303, 945304,945307,945310, 945311,945313-945316,945320, 945322,945324,945326,945328, 945329,945331-945334,945336, 945337,945339,945341,945342, 945344,945348-945355,945358, 945362,945364,945373,945376- 945383,945385-945391,945393- 945398,945400-945408,945410, 945411,945413,945415,945417, 945419-945422,945424,945427- 945428,945430-945434,945436- 945444,945447-945448,945450, 945452-945463,945465-945466, 945468-945470,945472-945475							
	FPAX 4 DIGIT	5750-5757	8	5,701	NTH. AMERICAN	1978	40,300	22,000	176,000
	FPAX 5 DIGIT	11002,11003,11005,11007- 11017,11020-11024	19	5,701	NTH. AMERICAN	1978	38,500	22,000	418,000
	FPAX 820xxx	820001-820014, 820016-820211, 820213-820263, 820265-820298,820300 840299,860212	298	5,701	ACF	1982	58,677	36,000	10,728,000
	FPAX 890xxx	890001-890254,890256-890	415	5,850	TRINITY	1990	54,500	47,000	19,505,000
	SUM		996						34,099,000
CAUSTIC	FPAX 900xxx	900001-900033	33	16K GAL		1990	48,400	45,000	1,485,000
SUB-TOTAL			1,029						35,584,000

PART II:

PP & HDPE	FPAX 930xxx	930001-930033	33	5,740 ACF	1993	50,236	50,236	1,657,788
CAUSTIC	FPAX 931xxx	931001-931150	150	16.3K GAL TRINITY	1993	48,384	48,384	7,257,600
EO	FPAX 932xxx	932001-932065	65	23.5K GAL TRINITY	1993	48,244	48,244	3,135,860
	SUB-TOTAL		248					12,051,248

PART III:

PVC, PP, PE	FPAX 940xxx	940000-940251	252	5,850 TRINITY	1994	54,779	54,779	13,804,308
	SUB-TOTAL		252					13,804,308
	TOTAL		1,529					61,439,556

NEW CARS

COMMODITY	CAR SERIES		UNIT	CAPACITY C.FT.	MAKER	YEAR BUILT	UNIT ORIGINAL PRICE	UNIT MARKET PRICE	TOTAL VALUE
2, PP, PE	FPAX 950000	950000-950599	600	5,851	TRINITY	1995	55,770	55,770	33,462,000
SUB-TOTAL			600						33,462,000
GRAND TOTAL			7,129						3,902,356

DISCLOSURE SCHEDULE

ITEM 5.1.3 Indebtedness to be paid.

\$58,495,171.03 owed under the Loan and Security Agreement, dated as of August 16, 1993, as amended, between Formosa Plastics Corporation, U.S.A. and CIBC Inc.

ITEM 6.7 Material Litigation.

None

Description of Proceeding Action or Claim Sought

N/A

ITEM 6.10 Material Environmental Matters.

None

[FORM OF NOTE]

\$ _____, 1995

FOR VALUE RECEIVED, the undersigned, FORMOSA PLASTICS CORPORATION, U.S.A., a Delaware corporation (the "Borrower"), promises to pay to the order of [Lender] (the "Lender") the principal sum of [] DOLLARS (\$ _____) or, if less, the aggregate unpaid principal amount of all Loans shown on the schedule attached hereto (and any continuation thereof) made by the Lender pursuant to that certain Loan and Security Agreement, dated as of June __, 1995 (together with all amendments and other modifications, if any, from time to time thereafter made thereto, the "Agreement"), among the Borrower, Canadian Imperial Bank of Commerce, New York Agency, as Agent, and the various financial institutions (including the Lender) as are or may from time to time become, parties thereto, payable in installments as set forth in the Agreement, with a final installment (in the amount necessary to pay in full this Note) due and payable on the Stated Maturity Date (as defined in the Agreement) but no later than June __, 2002.

The Borrower also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Agreement.

Payments of both principal and interest are to be made in lawful money of the United States of America in same day or immediately available fund to the account designated by the Lender pursuant to the Agreement.

This Note is one of the Notes referred to in, and evidences Indebtedness (as defined in the Agreement) incurred under, the Agreement, to which reference is made for a description of the security for this Note and for a statement of the terms and conditions on which the Borrower is permitted and required to make prepayments and repayments of principal of the Indebtedness evidenced by this Note and on which such Indebtedness may be declared to be immediately due and payable. Unless otherwise defined, terms used herein have the meanings provided in the Agreement.

All parties hereto, whether as makers, endorsers, or otherwise, severally waive presentment for payment, demand, protest and notice of dishonor.

The obligations under this Note are secured by a grant of security interest in the Collateral (as described in the Agreement) as provided in Article X of the Agreement.

THIS NOTE HAS BEEN DELIVERED IN NEW YORK, NEW YORK AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK.

FORMOSA PLASTICS CORPORATION,
U.S.A.

By: _____
Name:
Title:

LOANS AND PRINCIPAL PAYMENTS

</									

BORROWING REQUEST

Canadian Imperial Bank of Commerce,
New York Agency
[Address]

Attention: [Name]
[Title]

FORMOSA PLASTICS CORPORATION, U.S.A.

Gentlemen and Ladies:

This Borrowing Request is delivered to you pursuant to Section 2.2 of the Loan and Security Agreement, dated as of June __, 1995 (together with all amendments, if any, from time to time made thereto, the "Agreement"), among FORMOSA PLASTICS CORPORATION, U.S.A., a Delaware corporation (the "Borrower"), Canadian Imperial Bank of Commerce, New York Agency, as Agent and the various financial institutions as are, or may from time to time become, parties thereto. Unless otherwise defined herein or the context otherwise requires, terms used herein have the meanings provided in the Agreement.

The Borrower hereby requests that a Loan be made in the aggregate principal amount of \$_____ on _____, 19__ as a LIBO Rate Loan having an Interest Period of 3 months.

The Borrower hereby acknowledges that, pursuant to Section 5.1.13 of the Agreement, each of the delivery of this Borrowing Request and the acceptance by the Borrower of the proceeds of the Loans requested hereby constitute a representation and warranty by the Borrower that, on the date of such Loans, and before and after giving effect thereto and to the application of the proceeds therefrom, all statements set forth in Section 5.1.16 are true and correct in all material respects.

The Borrower agrees that if prior to the time of the Borrowing requested hereby any matter certified to herein by it will not be true and correct at such time as if then made, it will immediately so notify you. Except to the extent, if any, that prior to the time of the Borrowing requested hereby you shall receive written notice to the contrary from the Borrower, each matter certified to herein shall be deemed once again to be certified as true and correct at the date of such Borrowing as if then made.

Please wire transfer the proceeds of the borrowing to the accounts of the following persons at the financial institutions indicated respectively:

<u>Amount to be Transferred</u>	<u>Person to be Paid</u>		<u>Name, Address, etc. of Transferee Lender</u>
	<u>Name</u>	<u>Account No.</u>	
\$ _____	_____	_____	_____ _____ Attention: _____
\$ _____	_____	_____	_____ _____ Attention: _____
Balance of such proceeds	The Borrower	_____	_____ _____ Attention: _____

The Borrower has caused this Borrowing Request to be executed and delivered, and the certification and warranties contained herein to be made, by its duly Authorized Officer this ____ day of _____, 19____.

FORMOSA PLASTICS CORPORATION,
U.S.A.

By: _____
Title: _____

Form of Guaranty

[See Attached]

[Guarantor: Formosa Plastics Corporation Amount: \$58,495,171]

GUARANTY

To each Lender (as defined below)
Canadian Imperial Bank of Canada,
New York Agency, as Agent
425 Lexington Avenue
New York, NY 10017

Ladies and Gentlemen:

In consideration of your extending financial accommodation to or for the account of Formosa Plastics Corporation, U.S.A., a Delaware corporation in which the undersigned guarantor owns a substantial equity interest (hereinafter referred to as the "Obligor"), in the form of a Loan and Security Agreement dated June __, 1995 among the Obligor, various financial institutions as are or may from time to time become parties thereto, (each a "Lender") and Canadian Imperial Bank of Canada, New York Agency, as Agent for the Lenders (as such may be amended, restated, modified or otherwise changed from time to time, the "Loan Agreement"), the undersigned guarantor hereby absolutely, irrevocably and unconditionally guarantees to you, jointly and severally with the Obligor, the due and punctual payment and discharge when due (whether at stated maturity, by acceleration or otherwise) of U.S. Dollars 58,495,171 of the obligations and liabilities (collectively hereinafter referred to as the "Guaranteed Obligations") of the Obligor to you thereon or thereunder howsoever or whensoever incurred including without limitation: (1) all liabilities and obligations direct or indirect arising pursuant to or in connection with the Loan Agreement, the Notes (as defined in the Loan Agreement) or the Security Documents (as defined in the Loan Agreement); (2) the repayment of all moneys advanced or which may be advanced by you to the Obligor or to others on the faith of the paper of the Obligor; (3) all liabilities direct or indirect to which you may become subject as a result of making advances to or dealing with the Obligor; (4) payment of all moneys which are now or shall at any time or from time to time hereafter become due or owing from the Obligor to you on the general balance of account or for which the Obligor now is or shall at any time hereafter become liable to you either directly or indirectly, whether matured or not, whether alone or jointly with others, and whether as principal or surety and whether absolute or contingent, and (5) all interest, commissions, costs, charges and expenses including without limitation all attorneys' fees, costs and expenses of collection which may be incurred in respect of such advances or liabilities

or any security thereof (to the extent items (2), (3), (4) and (5) relate to the Loan Agreement). In addition, the undersigned guarantor hereby irrevocably and unconditionally agrees that if the Obligor shall default in the payment when due, upon maturity, acceleration or otherwise, of all or any of the Guaranteed Obligations, the undersigned guarantor will forthwith pay the same, without any notice or demand, at the place, in the funds and currency and in the manner required of the Obligor with respect to any such Guaranteed Obligations. PROVIDED ALWAYS that the amount for which the undersigned guarantor shall be liable to you under this Guaranty (and not including any amounts of interest, costs, indemnities and expenses incurred herefrom) shall not exceed U.S. Dollars 58,495,171. To the extent permitted under applicable law, the obligations of the undersigned guarantor under this Guaranty shall remain operative and in full force and effect, irrespective of: (1) the regularity, genuineness, validity, legality, binding effect or enforceability of, or any change in or amendment, supplement or waiver with respect to or modification of, any instrument, writing or arrangement evidencing or otherwise relating to or the subject of the Loan Agreement (each such instrument, writing or arrangement as now or hereafter in effect being hereinafter referred to as, and included in the term, "Credit Arrangement"); (2) the absence of any action or attempt to make a claim under or realize upon or enforce the same; or (3) the existence of any defense, set-off or counterclaim which the Obligor or any other person may now or hereafter have or any circumstances which might otherwise constitute the legal or equitable discharge or defense of a guarantor, including, without limitation, any governmental action purporting to stay the enforceability or modify the performance of any Guaranteed Obligations.

The undersigned guarantor hereby declares and agrees that:

1. This guaranty shall be a continuing guaranty and shall be operative and binding notwithstanding that (1) at any time or times the Obligor's account with you may be closed, (2) any payments from time to time may be made to you, (3) any settlements of account may be effected or (4) any other things whatsoever may be done, suffered or permitted. The validity and enforceability of this Guaranty shall not be affected and your rights hereunder shall not be prejudiced by the bankruptcy, reorganization, liquidation or other proceeding of or relating to the Obligor and you may accelerate any Guaranteed Obligations for the purpose hereof notwithstanding any limitation of your ability to do so vis-a-vis the Obligor.

2. No alteration or waiver of this Guaranty or of any of its terms, provisions or conditions shall be binding on you unless made in writing and signed by both you and the undersigned guarantor.

3. You and any of your affiliates (including without limitation Canadian Imperial Bank of Commerce, acting through a branch or otherwise) (collectively, the "Bank"), shall be at liberty (without in any way prejudicing or affecting your rights hereunder) from time to time to take such further or other guaranty or guaranties or security for the Guaranteed Obligations or any part thereof as you or the Bank may deem proper, and/or release, discharge, abandon or otherwise deal with any such guaranty or guaranties or security or any part thereof or with any guaranty or security (or any part thereof) now held by you or the Bank, all as you or the Bank may consider expedient or appropriate. Without limiting the generality of the foregoing or of Paragraph 5 hereof, it is understood that you or the Bank may, without exonerating the undersigned guarantor, give up, modify or abstain from perfecting or taking advantage of any guaranties or securities and accept or make any compositions or arrangements.

4. You and the Bank may from time to time, without notice to or further consent of the undersigned guarantor, grant to the Obligor or to any person or persons liable to you or the Bank for or in respect of the Guaranteed Obligations, or any part thereof, or in respect of any Credit Arrangement evidencing the same, or any part thereof, any indulgence whether as to time, payment, performance or otherwise and may compromise or effect a composition with a creditor or any of such persons as you shall see fit, all without in any way prejudicing or affecting any of your rights hereunder.

5. You and the Bank shall be at liberty (without in any way prejudicing or affecting your or the Bank's rights hereunder) to appropriate any payments made or moneys received (hereunder or otherwise) to any portion of the Guaranteed Obligations whether then due or to become due, and from time to time to revoke or alter any such appropriation, all as you shall from time to time in your discretion see fit.

6. Until after final payment in full of all sums (including interest, costs and expenses) which may be or become payable by the Obligor to you at any time or from time to time, the undersigned guarantor will not exercise, claim or receive the benefits of any right (by subrogation to your rights, contribution or otherwise, arising by virtue of any payment by the undersigned guarantor pursuant to any provision of this Guaranty) to any payment by the Obligor or out of the property of the Obligor.

7. The statement in writing of your authorized officer of the amount of any Guaranteed Obligations shall be binding upon and conclusive against the undersigned guarantor, and all rights to question in any way your present or future method of dealing with the Obligor or any dealing with any person or persons now or

hereafter liable to you for the Guaranteed Obligations or any part thereof or with any guaranty or security now or hereafter held by you or with any goods or property covered by such security are hereby waived. You shall not be bound to exhaust your recourse, or take any action against the Obligor or other person or persons or any guaranty or security you may hold before requiring or being entitled to payment from the undersigned guarantor.

8. Upon the bankruptcy, reorganization, composition, winding up or other distribution of assets of the Obligor or of any surety or guarantor for any indebtedness of the Obligor to you, your rights hereunder shall not be affected or impaired by your omission to prove your claim, in whole or in part. You may prove such claim or may refrain from proving any claim as you see fit without in any way releasing, reducing or otherwise affecting the liability of the undersigned guarantor thereunder. Furthermore, if any Guaranteed Obligation is satisfied by the Obligor but is subsequently recovered from or repaid by you or the Bank, in whole or in part, in any bankruptcy, reorganization, composition or other similar proceedings instituted by or against the Obligor or otherwise, the guaranty set forth herein shall continue to be fully applicable to such Guaranteed Obligations to the same extent as though the payment so recovered or repaid had never been made.

9. The undersigned guarantor waives all the rights as provided for in the various articles of Section 24 of the Book of Obligations of the Civil Code of the Republic of China, including without limitation the right of ordinis beneficium, and waives all presentments, demands for performance, protests and notices, including without limitation, notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty and notices of the existence, creation or incurring of any and all Guaranteed Obligations. If this Guaranty is executed by more than one party, then each obligation hereunder shall be jointly and severally binding on each of them and each of their heirs, executors, administrators, other legal representatives, successors and assignees. Any one or more of the parties executing this Guaranty, or any other party liable upon or in respect of any of the Guaranteed Obligations, may be released without affecting the liability of any of the parties not so released.

10. All payments made hereunder in respect of any financial accommodations shall be made to you in the currency required to satisfy the applicable Guaranteed Obligations, at the place and in the manner specified in the relevant Credit Arrangement. All payments hereunder shall be made to you without set-off or counterclaim and free and clear of and without deduction and withholding for or on account of all present, and future taxes,

levies, duties, fees, or withholdings of whatsoever nature, if any, now or hereafter imposed ("Taxes"). The undersigned guarantor will pay on your behalf the full amount of all Taxes as may be so imposed or levied and such additional amounts as may be necessary so that the net payment received by you after payment of all such Taxes shall be not less than the amounts provided for hereunder. The undersigned guarantor will indemnify you, hold you harmless against and reimburse you, upon demand, for any Taxes paid or payable by you. Further, in the event that the undersigned guarantor shall default in the payment when due of any sum payable hereunder, the undersigned guarantor agrees to pay interest on the sum not so paid in full when due from the due date thereof until the date the same is paid in full at the highest rate then permitted by applicable law. In addition, the undersigned guarantor agrees to pay all costs and expenses of collection (including, without limitation, legal fees and disbursements of counsel) in case default occurs in the payment or performance of any obligation of the undersigned guarantor hereunder.

11. All payments hereunder shall be made to you in the currency (hereinafter referred to as the "Agreed Currency"), and at the place (the "Agreed Place") provided herein. The obligation of the undersigned guarantor to make payment in the Agreed Currency of any amounts due hereunder to you shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment which is expressed in or converted into any currency other than the Agreed Currency, except to the extent that such tender or recovery shall result in the actual receipt by you at the Agreed Place of the full amount of the Agreed Currency expressed to be payable in respect of such liability and all other amounts due hereunder. The undersigned guarantor agrees that the obligation to make payments in the Agreed Currency as aforesaid shall be enforceable as an alternative or additional cause of action for the purpose of recovery in the Agreed Currency of the amount (if any) by which such actual receipt shall fall short of the full amount of the Agreed Currency expressed to be payable in respect of any amount due hereunder, and shall not be affected by judgment being obtained for other sums due under the Guaranty. The undersigned guarantor agrees to obtain and maintain, in full force and effect, all necessary government approvals, including the approval of the Central Bank of China, to effectuate the foregoing.

12. The undersigned guarantor hereby waives the right to terminate or cancel this Guaranty after execution, unless it is so expressly agreed to in writing and signed by you.

13. The invalidity of unenforceability of any part or provision of this Guaranty shall not affect the validity or enforceability of any other part or provision of this Guaranty.

Further, you shall not be deemed to have waived any of your rights under this Guaranty, unless you shall have signed such waiver in writing. No such waiver, unless expressly so stated therein, shall be effective as to any transaction which occurs subsequent to the date of such waiver nor as to any continuance of a breach after such waiver.

14. Until the Guaranteed Obligations and all obligations of the undersigned guarantor hereunder shall have been paid in full, the undersigned guarantor shall furnish you with copies of its unaudited financial statements on a semi-annual basis and audited financial statements on an annual basis as soon as they are available, but in any event not later than 60 days after the close of each fiscal period covered by an unaudited financial statement and not more than 120 days after the close of each fiscal period covered by an audited financial statement.

15. This Guaranty shall be governed by and construed in accordance with the laws of the Republic of China.

16. In the event of any litigation pertaining to this Guaranty, the undersigned guarantor hereby submits and consents to the non-exclusive jurisdiction of the Taipei District Court.

17. You may assign this Guaranty (or portion thereof) or any of your rights and powers hereunder, with all or any portion of the Guaranteed Obligations, and may assign and/or deliver to any such assignee any of the security herefor. In the event of such assignment, the assignee hereof or of such rights and powers, and of such security, if any of such security be so assigned and/or delivered, shall have the same rights and remedies as if originally named herein, and you shall be thereafter fully discharged from all responsibility with respect to any such security to the extent so assigned and/or delivered. The undersigned guarantor hereby expressly acknowledges and consents to your assignment of this Guaranty to the Bank or any Assignee Lender (as defined in the Loan Agreement).

18. The undersigned guarantor represents and warrants that: (1) it is a company duly organized and existing under the laws of the Republic of China and has the corporate power and right to make and perform this Guaranty; (2) it has taken all necessary corporate and other action to authorize the making and performance of this Guaranty, and this Guaranty constitutes a legal, valid and binding obligation of the undersigned guarantor enforceable in accordance with its terms; (3) the making and performance of this Guaranty do not and will not violate the provisions of any applicable law or regulation or order or the provisions of its Articles of Incorporation, by-laws or similar instrument, and do not and will not result in the breach of, or constitute a default under or require any consent under, any

agreement, instrument or document to which it is a party or by which it or any of its property may be bound or affected (documents evidencing consents from the other creditors of the undersigned guarantor consenting to the issuance of this Guaranty or waivers of invalidation of this Guaranty or other evidence with respect to the other creditors of the undersigned guarantor as you may request, satisfactory to you, have been obtained and shall be furnished to you immediately upon demand); (4) all consent, approvals, licenses and authorizations of, and filings and registrations with, any governmental authority required under applicable law and regulations for the making and performance of this Guaranty have been obtained or made and are in full force and effect; (5) the undersigned guarantor acknowledges that by virtue of its relationship with the Obligor, the undersigned guarantor receives adequate consideration for this Guaranty; and (6) the financial information including, without limitation, the financial statements as of and for the period ending December 31, 1992, which has been delivered to you by or on behalf of the undersigned guarantor, is complete and correct in all respects and accurately presents the financial condition and the results of operations of the undersigned guarantor. Since said date of said financial statements, there has been no material adverse change in the financial condition or the results of operations of the undersigned guarantor.

Dated: this June __, 1995

GUARANTOR
FORMOSA PLASTICS CORPORATION

By: _____
Name:
Title:

Address: _____

Accepted by CANADIAN IMPERIAL
BANK OF COMMERCE, NEW YORK
AGENCY, as Agent on behalf
of the Lenders,

By: _____
Name:
Title:

Promissory Note

Amount: U.S. \$58,495,171

Taipei, Taiwan, ROC
June __, 1995

For value received, Formosa Plastics Corporation (the "Maker"), by this promissory note unconditionally promises to pay to the order of Canadian Imperial Bank of Commerce, New York Agency. the principal sum of United States Dollars Fifty-Eight Million Four Hundred Ninety-Five Thousand One Hundred Seventy-One (U.S.\$58,495,171) on June __, 2002 in New York, USA.

The Maker also promises to pay interest at the rate of LIBOR plus $[3/4]\%$ per annum on the unpaid principal amount hereof from the date hereof until paid in full.

The Maker hereby waives protests and notices of any kind whatsoever.

Maker:

Formosa Plastics Corporation

By: _____

Name:

Title:

Signature Verified by:

[LETTERHEAD OF GENERAL COUNSEL TO BORROWER]

[DATE]

Canadian Imperial Bank of Commerce,
New York Agency
425 Lexington Avenue
New York, New York 10017

FORMOSA PLASTICS CORPORATION, U.S.A.

Ladies and Gentlemen:

This opinion is furnished to you pursuant to Section 5.1.7 of the Loan and Security Agreement, dated as of June __, 1995 (the "Loan Agreement"), among Formosa Plastics Corporation, U.S.A, a Delaware corporation ("Borrower"), Canadian Imperial Bank of Commerce, New York Agency, as Agent [(the "Agent") and various financial institutions as are, or may from time to time become, parties thereto ("Lender", collectively the "Lenders"). Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein have the meanings provided in the Loan Agreement.

I am general counsel of Borrower and have participated in the preparation, execution and delivery of the Loan Agreement and the other Loan Documents. I have also participated in the closing held in connection with the making of the credit extension.

In that regard, I have examined fully executed counterparts of the following documents and instruments, each of which is dated as of the date of the Loan Agreement unless otherwise indicated:

- (1) the Loan Agreement;
- (2) each Notes, dated the date hereof;
- (3) the Guaranty.

I have also examined originals or copies of such other documents, records and opinions as I have deemed necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, I have, without independent investigation, relied upon all of the foregoing and upon

certificates of the officers of Borrower and other parties to the Loan Documents and of public officials.

For the purposes of the opinions expressed herein, I have assumed the authenticity of all documents submitted to me as originals and the genuineness of all signatures thereon, the conformity with originals of all documents submitted to me as copies and the due execution and delivery thereof by each party thereto (other than the Borrower and Formosa Plastics Corporation (the "Guarantor")) pursuant to due authorization (corporate and otherwise) and with all requisite corporate powers.

1. The Guarantor, Borrower and each of its Subsidiaries is a corporation validly organized and existing and in good standing under the laws of the State of its incorporation, is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the nature of its business requires such qualification (unless the failure to obtain such qualification does not and will not have a material adverse effect on the financial condition or operations of the Guarantor, Borrower or any Subsidiary), and has full power and authority and holds all requisite governmental licenses, permits and other approvals to enter into and perform its Obligations under the Loan Agreement, the Notes, the Guaranty and each other Loan Document to which it is a party and to own and hold under lease its property and to conduct its business substantially as currently conducted by it.

2. The execution, delivery and performance by Borrower of the Loan Agreement, the Note and each other Loan Document executed or to be executed by it, and the execution, delivery and performance by the Guarantor of the Guaranty and Borrower's participation in the consummation of the Purchase Agreement are within Borrower's and Guarantor's corporate powers, have been duly authorized by all necessary corporate action, and do not

(a) contravene Borrower's or Guarantor's Organic Documents;

(b) contravene any contractual restriction, then existing law or governmental regulation or court decree or order binding on or affecting Borrower or the Guarantor; or

(c) result in, or require the creation or imposition of, any Lien on any of Borrower's or the Guarantor's properties other than a Permitted Lien.

3. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for the due execution, delivery or performance by Borrower or the Guarantor of the Loan Agreement, the Note, the

Guaranty or any other Loan Document to which it is a party. None of the Guarantor Borrower or any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

4. The Loan Agreement constitutes, and each Note and each other Loan Document executed by Borrower will, on the due execution and delivery thereof, constitute, the legal, valid and binding obligations of Borrower enforceable in accordance with its respective terms, except as enforcement may be limited by bankruptcy, insolvency or similar laws affecting enforcement of creditors' rights generally as now existing or hereafter enacted and subject to general principles of equity regardless of whether such enforcement is considered in a proceeding in equity or at law; and the Guaranty constitutes the legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency or similar laws affecting enforcement of creditors' rights generally as now existing or hereafter enacted and subject to general principles of equity regardless of whether such enforcement is considered in a proceeding in equity or at law.

5. There is no pending or, to my knowledge, threatened litigation, action, proceeding or labor controversy affecting Borrower, or any of its Subsidiaries, or any of their respective properties, assets or revenues, which if adversely determined, would (a) have a material adverse effect on the present or future financial condition, business, prospects or operations of Borrower or any Subsidiary, (b) materially impair Borrower's ability to perform its obligations under or in connection with the Agreement or any of the Loan Documents or (c) impair the validity or enforceability of the Loan Agreement or any of the Loan Documents except as disclosed in Item 6.7 of the Disclosure Schedule entitled "Material Litigation" of the Loan Agreement.

6. Assuming the due authorization, execution and delivery of the Loan Agreement by the Lenders, the Loan Agreement will create the security interest in Collateral it purports to create, which security interest will, upon the completion of the filings contemplated by Section 5.1.6 of the Loan Agreement, constitute a first priority perfected interest therein in those jurisdictions in which filings will have been made and are all the filings and other actions necessary to perfect the security interest of the Lenders under the Loan Agreement in the Collateral as against creditors of purchasers from Borrower.

My opinions are limited to the laws of the State of New York, the Federal laws of the United States of America and the General Corporation Law of the State of Delaware and I do not express any opinion herein concerning any other law.

The opinions set forth herein are being rendered to you for the above stated purpose and may not be relied upon by any other person or entity, except for Mayer, Brown & Platt may rely upon the opinions set forth in this letter, as though it was addressed to them, for purposes of rendering their opinions pursuant to Section 5.1.7 of the Loan Agreement.

Very truly yours,

[FORM OF ICC Counsel Opinion]

[See Attached]

David Jungman
(713) 756-7001

^ June , 1995

^ Canadian Imperial Bank of Commerce
New York Agency, as Agent for the Lenders
425 Lexington Avenue
New York, New York 10017

Re: Formosa Plastics Corporation, USA
Our File: 4991-HO-^ 243

Dear Sirs:

We have acted as special counsel to Formosa Plastics Corporation, USA (the "Borrower") ^ in connection with the Loan and Security Agreement dated as of ^ June , 1995 (the "Loan Agreement") among the Borrower, the ^ Lenders named therein and Canadian Imperial Bank of Commerce, New York Agency, as Agent for the Lenders (the "Agent"), and the Equipment referred to in the Loan Agreement. This opinion letter is rendered to you pursuant to Section ^ 5.1.8 of the Loan Agreement. Capitalized terms which are used herein without definition and which are defined in the Loan Agreement shall have the meanings given to them in the Loan Agreement.

In connection with this opinion letter, we have reviewed an unexecuted draft of the Loan Agreement dated as of ^ June 5, 1995 which was provided to us by the Borrower. We have also reviewed and relied upon the Lien Search Reports obtained in the name of the Borrower as of the dates and in the locations described in Exhibit A attached hereto (the "Search Reports").

We have also reviewed and relied upon the originals, or copies, certified or otherwise identified to our satisfaction, of certificates of representatives of the Borrower, the representations of the Borrower ^ in the Loan Agreement as to factual matters and such certificates, instruments and documents of public officials as we have deemed relevant, as a basis for the opinions hereinafter expressed. In such examination, we have assumed the genuineness of all signatures and the authenticity of all documents submitted to us as originals and the conformity with the originals of all documents submitted to us as copies.

Canadian Imperial Bank of Commerce
New York Agency, as Agent for the Lenders
June , 1995
Page 2

In rendering the opinions expressed herein, we have relied solely upon our examination of the documents and certificates specified above, and we have made no independent verifications of the factual matters set forth in such documents or certificates. We have assumed, without investigation, that the unexecuted documents described above, when executed, will not deviate in substance or materially in form from the unexecuted copies examined by us. In rendering the opinions expressed herein, we have also assumed that Borrower has good and sufficient rights in and title to the Equipment referenced below and that such Equipment is used and is intended for use related to interstate commerce solely within the United States of America.

Based on and subject to the foregoing and having regard for the legal considerations which we deem relevant, we are of the opinion that:

1. The provisions of the Loan Agreement are effective to create a valid security interest in the rail cars described in the Fleet Summary which we received from the Borrower on June 15 , 1995 and attach hereto as Exhibit B, (the "Equipment"). The filing of the Loan Agreement with Interstate Commerce Commission pursuant to 49 U.S.C. § 11303 is the only location where a filing is necessary in order to perfect the Lender's security interest in the Equipment.

2. Based on the Search Reports, upon the filing of the Loan Agreement with the ICC, no other Person than the Lender will have a perfected security interest in and a lien upon the Equipment.

The opinions expressed above are subject to the following additional qualifications, assumptions and limitations:

(a) To the extent any opinion is rendered herein with respect to the enforceability of any agreement: (1) we express no opinion as to the effect on such enforceability of applicable federal or state bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws generally affecting relief of debtors or the enforcement of the rights of creditors; (2) we express no opinion as to the effect on such enforceability of laws governing specific performance, injunctive relief or preferences; and (3) the enforceability of obligations in the Loan Documents is subject to general principles of equity regardless of whether such enforceability is considered in a proceeding in equity or law, and a court applying such principles may refuse to enforce, or may limit the application of, a contract or any clause thereof,

Canadian Imperial Bank of Commerce
New York Agency, as Agent for the Lenders
June __, 1995
Page 3

which the court finds as a matter of law to be unconscionable at the time it was made.

(b) This opinion speaks only at and as of its date and is based solely on the facts and circumstances known to us at and as of such date. We assume no obligation to advise you of changes or events that may hereafter come to my attention.

(c) The opinions expressed herein are limited to the laws of the States of Texas and New York and the federal laws of the United States of America.

(d) We express no opinion as to the priority of the security interests sought to be created by the Loan Documents as against any claim or lien in favor of the United States or any agency or instrumentality thereof (including, without limitation, federal tax liens, and liens under Title IV of the Employee Retirement Income Security Act of 1974).

The opinions expressed herein are solely for the benefit of the ^ Agent and the Lenders in connection with the above transactions and may not be relied on in any manner or for any purpose by any other Person, nor may copies be furnished to any other Person without our prior written consent, except that the ^ Agent and the Lenders may furnish copies thereof (a) to its independent auditors and attorneys, (b) to any state or federal authority having regulatory jurisdiction over it and (c) pursuant to an order or legal process of any court or governmental agencies.

Very truly yours,

HAIGHT, GARDNER, POOR & HAVENS

By:

David Jungman

^ SLR/DJ:st
Attachments

A:\CIBCO\3.CIB

EXHIBIT ASEARCH REPORTSName of Party:Formosa Plastics Corporation, USADate and Location
of Search:The Secretary of State of New Jersey, Uniform
Commercial Code ("UCC") Search certified
through _____, 1995Texas Secretary of State, UCC search certified
through _____, 1995Parish of Acadia, State of Louisiana, UCC
search certified through _____,
1995Interstate Commerce Commission, Washington,
D.C., search conducted _____, 1995

EXHIBIT B

PLANT SUMMARY

A) EXISTING CARS

PART I:

COMMODITY	CAR SERIES	UNIT	CAPACITY C.FT.	MAKER	YEAR BUILT	UNIT ORIGINAL PRICE	UNIT MARKET PRICE	TOTAL VALUE
PVC	PPAX 3 DIGIT	459, 483, 672, 674-677, 679, 681, 682, 685-690, 692, 693 695-700, 702, 704, 706-712, 714, 717-722, 724, 726, 727, 729, 731-736, 738, 740, -745, 749, 750, 755, 757, 758, 762-764, 766-777, 779-781, 783-790	88	5,250 ACP	1977	36,000	20,000	1,760,000
	PPAX 944000	944600-944604	148	5,250 ACP	1971	18,000	9,000	1,512,000
	PPAX 945000	945200-945203, 945208, 945210, 945212-945214, 945220, 945222, 945224, 945225, 945228, 945230, 945240, 945245, 945246, 945249, 945253, 945265, 945268, 945271, 945280, 945285, 945287, 945288, 945289, 945296, 945297, 945303, 945304, 945307, 945310, 945311, 945313-945316, 945320, 945322, 945324, 945326, 945328, 945329, 945331-945334, 945336, 945337, 945339, 945341, 945342, 945344, 945348-945355, 945358, 945362, 945364, 945373, 945376- 945381, 945385-945391, 945393- 945398, 945400-945408, 945410, 945411, 945413, 945415, 945417, 945419-945422, 945434, 945427- 945428, 945430-945434, 945436- 945444, 945447-945448, 945450, 945452-945463, 945465-945466, 945468-945470, 945472-945475						
	PPAX 4 DIGIT	5750-5757	8	5,701 RTE. AMERICAN	1978	10,300	22,000	176,000
	PPAX 5 DIGIT	11081, 11083, 11085, 11087- 11017, 11020-11024	19	5,701 RTE. AMERICAN	1978	18,500	22,000	418,000
	PPAX 820000	820001-820014, 820016-820011, 820013-820063, 820265-820298, 820100 840299, 860212	298	5,701 ACP	1982	18,677	36,000	10,728,000
	PPAX 890000	890001-890254, 890256-890	415	5,850 TRINITY	1990	51,500	47,000	19,505,000
	SUB		996					34,099,000
CAUSTIC	PPAX 900000	900001-900013	33	16K GAL	1990	48,400	45,000	2,485,000
	SUB-TOTAL		1,623					35,584,000

PART II:

PP & HOPE	PPAX 930000	930001-930033	33	5,740 ACP	1993	50,236	50,236	1,657,788
CAUSTIC	PPAX 931000	931001-931150	150	16.3K GAL TRINITY	1993	48,384	48,384	7,257,600
NO	PPAX 932000	932001-932045	45	23.5K GAL TRINITY	1993	48,244	48,244	3,335,860
	SUB-TOTAL		248					12,051,248

PART III:

PVC, PP, PE	PPAX 940000	940000-940251	252	5,850 TRINITY	1994	54,779	54,779	13,804,308
	SUB-TOTAL		252					

NEW CARS

COMMODITY	CAR SERIES	UNIT	CAPACITY C.FT.	MAKER	YEAR BUILT	UNIT ORIGINAL PRICE	UNIT MARKET PRICE	TOTAL VALUE
PVC, PP, PE	TRAX 950000-950599	600	5.851	TRINITY	1995	\$5,770	\$5,770	\$3,462.00
SUB-TOTAL		600						\$3,462.00

[Assistant] Secretary's Certificate

I, the undersigned, [Assistant] Secretary of Formosa Plastics Corporation, U.S.A., a Delaware corporation (the "Borrower"), DO HEREBY CERTIFY that:

1. This Certificate is furnished pursuant to Sections 5.1.1 of that certain Loan and Security Agreement, dated as of June __, 1995 (the "Agreement"), among the Borrower, Canadian Imperial Bank of Commerce, New York Agency, as Agent and various financial institutions, as are or may from time to time become, parties thereto. Unless otherwise defined herein, capitalized terms used in this Certificate have the meanings assigned to such terms in the Agreement.

¹/2. There have been no amendments to the Articles of Incorporation of the Borrower since ____, 19__.

3. Attached hereto as Exhibit I is a certificate of good standing from the Secretary of State of each state in which the Borrower is qualified to do business.

4. Attached hereto as Exhibit II is a true, correct and complete copy of the by-laws of the Borrower as in effect on the date hereof.

5. Attached hereto as Exhibit III is a true, correct and complete copy of resolutions duly adopted at a meeting of the Board of Directors of the Borrower, convened and held on the ____ day of ____, 19__, which resolutions have not been revoked, modified, amended or rescinded and are still in full force and effect, and the Agreement, the Note and the other Loan Documents to which the Borrower is a party are in substantially the forms of those documents submitted to and approved by the Board of Directors of the Borrower at such meeting.

6. The persons named in Exhibit IV attached hereto have been duly elected, have duly qualified as and at all times since ____, 19__ (to and including the date hereof), have been officers of the Borrower holding the respective offices set forth

¹/ Insert the date of the Secretary of State's Certificate (attached to which is a copy of the Articles of Incorporation of the Borrower) furnished to the Agent at the execution of the Agreement.

therein opposite their names, and the signatures set forth therein opposite their names are their genuine signatures.

7. I know of no proceeding for the dissolution or liquidation of the Borrower or threatening its existence.

WITNESS my hand and seal of the Borrower this ____ day of _____, 19____.

[Assistant] Secretary

[Affix Corporate Seal]

I, the undersigned, Executive Vice-President of the Borrower, DO HEREBY CERTIFY that:

1. _____ is [a] the duly elected and qualified [Assistant] Secretary of the Borrower and the signature above is such officer's genuine signature.

2. The representations and warranties on the part of the Borrower contained in the Loan and Security Agreement are true and correct in all material respects at and as of the date hereof.

3. No Default has occurred and is continuing, or would result from the consummation of the initial borrowing on this date and neither the Borrower nor any other Obliger shall be in material violation of any law or governmental regulation or court order or decree.

WITNESS my hand on this ____ day of _____,
19____.

President

EXHIBIT I

[Good Standing Certificates]

EXHIBIT II

[Copy of the by-laws of _____]

Resolutions of the Board of Directors of _____

WHEREAS, there has been presented to this meeting a form of Loan and Security Agreement (draft of _____, 19____) (the "Agreement"), among this Corporation, Canadian Imperial Bank of Commerce, New York Agency, as Agent (the "Agent") various financial institutions as are, or may from time to time become parties thereto (collectively, the "Lenders"), providing for the making by the Lenders of certain Loans (as defined in the Agreement) to this Corporation; [and]

[WHEREAS, it is proposed that payment of this Corporation's obligations under and in connection with the Agreement and the promissory note to be executed by this Corporation pursuant thereto be secured by the following collateral security documents:

(1) The Agreement itself, as a security interest, substantially in the form of the draft, dated _____, 19____ (the "Security Agreement" in such function), presented to this meeting,

NOW, THEREFORE, BE IT RESOLVED, that the President or any Vice President of this Corporation, and each of them, be and he hereby is authorized to execute, in the name and on behalf of this Corporation, and deliver a loan agreement between this Corporation and the Lenders, substantially in the form of the Agreement presented to this meeting, except for such changes, additions and deletions as to any or all of the terms and provisions thereof as the officer executing the Agreement on behalf of this Corporation shall deem proper, such execution by such officer of the Agreement to be conclusive evidence that such officer deems all of the terms and provisions thereof to be proper;

FURTHER RESOLVED, that the President or any Vice President of this Corporation, and each of them, be and he hereby is authorized to borrow from time to time on behalf of this Corporation the amounts permitted or provided to be borrowed by this Corporation under the Agreement executed by this Corporation pursuant to these resolutions, and to execute and deliver on behalf of this Corporation the promissory notes payable to the order of the Lenders, respectively, substantially in the form provided for as an exhibit to the Agreement, evidencing such borrowings; [and]

FURTHER RESOLVED, that the President or any Vice President and the Secretary or any Assistant Secretary of this Corporation, and each of them, be and he hereby is authorized to execute, in the name and on behalf of this Corporation and under its corporate seal, and deliver to the Agent on behalf of the Lenders, on behalf of and in the name of this Corporation and under its corporate seal, a security interest, substantially in the form of the Agreement as presented to this meeting, except for such changes, additions and deletions as to any or all of the terms and provisions thereof as the officers executing such instrument on behalf of this Corporation shall deem proper, such execution by such officers of such instrument to be conclusive evidence that such officers deem all of the terms and provisions thereof to be proper;

FURTHER RESOLVED, that each and every officer of this Corporation be and he hereby is authorized in the name and on behalf of this Corporation from time to time to take such actions and to execute and deliver such certificates, instruments, notices and documents as may be required or as such officer may deem necessary, advisable or proper in order to carry out and perform the obligations of this Corporation under the Agreement and executed by this Corporation pursuant to these resolutions, or under any other instrument or document executed pursuant to or in connection with the Agreement; all such actions to be performed in such manner, and all such certificates, instruments, notices and documents to be executed and delivered in such form, as the officer performing or executing the same shall approve, the performance or execution thereof by such officer to be conclusive evidence of the approval thereof by such officer and by this Board of Directors.

EXHIBIT IV

Name of Officer

Office

Signature

COMPLIANCE CERTIFICATE WITH PARENT GUARANTY

Formosa Plastics, U.S.A.

This Compliance Certificate is delivered pursuant to [clause (d) of Section 7.1.1] [Section 7.1.5] of the Loan and Security Agreement, dated as of June __, 1995 (together with all amendments and other modifications, if any, from time to time hereafter made thereto, the "Loan Agreement"), among Formosa Plastics Corporation, U.S.A., a Delaware corporation ("the "Borrower"), Canadian Imperial Bank of Commerce, New York Agency, as Agent and the various financial institutions as are, or may from time to time become, parties thereto. Unless otherwise defined herein or the context otherwise requires, terms used herein or in the Attachment hereto have the meanings provided in the Loan Agreement.

The Borrower hereby certifies, represents and warrants that for the period commencing on _____, 19__ and ending on _____, 19__ (such latter date being the "Computation Date") no Default or Event of Default has occurred and is continuing.

The Borrower hereby further certifies and warrants that as of the Computation Date:

(a) The minimum Tangible Net Worth required pursuant to Section 7.1.13 of the Loan Agreement is \$500,000,000. The Tangible Net Worth of the Borrower as of the end of the fiscal quarter immediately preceding the Computation Date was \$_____, computed as follows:

(i) The net book value of assets of the Borrower, after all appropriate deductions, determined in accordance with GAAP (including without limitation, reserves for doubtful receivables, obsolescence, etc.).

\$_____

(ii) The net book value of assets due from the Borrower's officers and employees, determined in accordance with GAAP.

\$_____

(iii) The net book value of any patents, patent rights, trademarks, trade names, franchises, copyrights, licenses, goodwill and similar intangible assets determined in accordance with GAAP.

\$_____

(iv) TOTAL ASSETS: Item (a)(i) minus \$ _____
the sums of Items (ii) and (iii).

(v) TOTAL LIABILITIES: as of the
Computation Date, all indebtedness whenever
maturing including, but not limited to,
accounts payable, accrued expenses, borrowed
money and capitalized leases, and all other
liabilities, including, but not limited to,
Contingent Liabilities, determined in
accordance with GAAP. \$ _____

(vi) TANGIBLE NET WORTH: Item (a)(iv) \$ _____
minus Item (a)(v).

(b) The maximum Total Liabilities to Tangible Net Worth
Ratio permitted pursuant to Section 7.1.12 of the Loan Agreement
is 3:1. The Total Liabilities to Tangible Net Worth Ratio as of
the end of the fiscal quarter immediately preceding the
Computation Date was _____ to 1.0, computed as follows:

(i) TOTAL LIABILITIES: as of the \$ _____
Computation Date, as calculated in Item
(a)(v) above.

(ii) TANGIBLE NET WORTH: as of the \$ _____
Computation Date, as calculated in Item
(a)(vi) above.

(iii) TOTAL LIABILITIES TO TANGIBLE NET
WORTH RATIO: the ratio of Item (b)(i) to
Item (b)(ii). _____ to 1.0

(c) The amount of property subject to fiduciary transfer,
pledge, Lien, charges or other type of security interest or
encumbrance of any kind as of the Computation Date is \$ _____.
The maximum amount of property permitted to be so subject
pursuant to Section 7.2.5 of the Loan Agreement is
\$2,000,000,000.

(d) The minimum Current Ratio permitted pursuant to Section
7.2.6 of the Loan Agreement on the Computation Date is .80:1.00.
The CURRENT RATIO on the Computation Date was _____ to 1.0, as
computed as follows:

(i) Current Assets: All amounts which, in
accordance with GAAP, would be included as
current assets determined in accordance with
GAAP, as of the end of the fiscal quarter \$ _____
immediately preceding the Computation Date.

(ii) Current Liabilities: All amounts which, in accordance with GAAP, would be included as current liabilities determined in accordance with GAAP, as of the end of the fiscal quarter immediately preceding the Computation Date.

\$ _____

(iii) CURRENT RATIO: The ratio of Item d(i) to Item d(ii).

_____ to 1.0

The Borrower hereby certifies and warrants that as of the Computation Date the Borrower and its Subsidiaries are in compliance with all terms and conditions of all other Indebtedness to which the Borrower or its Subsidiaries is party.

FORMOSA PLASTICS CORPORATION,
U.S.A.

By: _____
Title:

COMPLIANCE CERTIFICATE WITHOUT PARENT GUARANTY

Formosa Plastics, U.S.A.

This Compliance Certificate is delivered pursuant to [clause (d) of Section 7.1.1] [Section 7.1.5] of the Loan and Security Agreement, dated as of June __, 1995 (together with all amendments and other modifications, if any, from time to time hereafter made thereto, the "Loan Agreement"), among Formosa Plastics Corporation, U.S.A., a Delaware corporation ("the "Borrower"), Canadian Imperial Bank of Commerce, New York Agency, as Agent and the various financial institutions as are, or may from time to time become, parties thereto. Unless otherwise defined herein or the context otherwise requires, terms used herein or in the Attachment hereto have the meanings provided in the Loan Agreement.

The Borrower hereby certifies, represents and warrants that for the period commencing on __, 19__ and ending on __, 19__ (such latter date being the "Computation Date") no Default or Event of Default has occurred and is continuing.

The Borrower hereby further certifies and warrants that as of the Computation Date:

(a) The minimum Tangible Net Worth required pursuant to Section 7.1.13 of the Loan Agreement is \$500,000,000. The Tangible Net Worth of the Borrower as of the end of the fiscal quarter immediately preceding the Computation Date was \$_____, computed as follows:

(i) The net book value of assets of the Borrower, after all appropriate deductions, determined in accordance with GAAP (including without limitation, reserves for doubtful receivables, obsolescence, etc.).

\$ _____

(ii) The net book value of assets due from the Borrower's officers and employees, determined in accordance with GAAP.

\$ _____

(iii) The net book value of any patents, patent rights, trademarks, trade names, franchises, copyrights, licenses, goodwill and similar intangible assets determined in accordance with GAAP.

\$ _____

(iv) TOTAL ASSETS: Item (a)(i) minus the sums of Items (ii) and (iii). \$ _____

(v) TOTAL LIABILITIES: as of the Computation Date, all indebtedness whenever maturing including, but not limited to, accounts payable, accrued expenses, borrowed money and capitalized leases, and all other liabilities, including, but not limited to, Contingent Liabilities, determined in accordance with GAAP. \$ _____

(vi) TANGIBLE NET WORTH: Item (a)(iv) minus Item (a)(v). \$ _____

(b) The maximum Total Liabilities to Tangible Net Worth Ratio permitted pursuant to Section 7.1.12 of the Loan Agreement is 3:1. The Total Liabilities to Tangible Net Worth Ratio as of the end of the fiscal quarter immediately preceding the Computation Date was _____ to 1.0, computed as follows:

(i) TOTAL LIABILITIES: as of the Computation Date, as calculated in Item (a)(v) above. \$ _____

(ii) TANGIBLE NET WORTH: as of the Computation Date, as calculated in Item (a)(vi) above. \$ _____

(iii) TOTAL LIABILITIES TO TANGIBLE NET WORTH RATIO: the ratio of Item (b)(i) to Item (b)(ii). _____ to 1.0

(c) The amount of property subject to fiduciary transfer, pledge, Lien, charges or other type of security interest or encumbrance of any kind as of the Computation Date is \$ _____. The maximum amount of property permitted to be so subject pursuant to Section 7.2.5 of the Loan Agreement is \$2,000,000,000.

(d) The minimum Current Ratio permitted pursuant to Section 7.2.6 of the Loan Agreement on the Computation Date is .80:1.00. The CURRENT RATIO on the Computation Date was _____ to 1.0, as computed as follows:

- (i) Current Assets: All amounts which, in accordance with GAAP, would be included as current assets determined in accordance with GAAP, as of the end of the fiscal quarter immediately preceding the Computation Date. \$ _____
- (ii) Current Liabilities: All amounts which, in accordance with GAAP, would be included as current liabilities determined in accordance with GAAP, as of the end of the fiscal quarter immediately preceding the Computation Date. \$ _____
- (iii) CURRENT RATIO: The ratio of Item d(i) to Item d(ii). _____ to 1.0

(e) The maximum percentage of Total Debt as a percentage of Capitalization is 47% pursuant to Section 7.4 of the Loan Agreement. The TOTAL DEBT PERCENTAGE is _____%, as of the end of the fiscal quarter immediately preceding the Computation Date for such fiscal quarter, computed as follows:

- (i) Total Debt: All amounts which in accordance with GAAP, would be included as total debt, which in any case shall include (without duplication) the Borrower's current maturities of long term debt, outstanding commercial paper, all short term borrowings and long term debt (including capitalized leases) of the Borrower. \$ _____
- (ii) Capitalization: All amounts which in accordance with GAAP would be included as capitalization, which in any case shall include the amount in Item (e)(i), stockholders' investments and minority interest in the equity of its Subsidiaries. \$ _____
- (iii) PERCENTAGE OF TOTAL DEBT: Item (e)(i) as a percentage of Item (e)(ii). _____ %

(f) The maximum amount of the Borrower's Stockholders' Investment is equal to or greater than the sum of \$750,000,000

plus 50% of Net Income cumulative for each quarter, commencing on July 1, 1995, not reduced by any net losses pursuant to Section 7.4 of the Loan Agreement. The STOCKHOLDERS' INVESTMENT AMOUNT of the Borrower as of the end of the fiscal quarter immediately preceding the Computation Date for such fiscal quarter was \$_____ computed as follows:

- (i) Stockholders Investment: All amounts which in accordance with GAAP would be included as stockholder's investment (net of goodwill) determined in accordance with GAAP, as of the end of the fiscal quarter immediately preceding the Computation Date. \$_____
- (ii) Net Income: The sum of all amounts which in accordance with GAAP would be included as net income determined in accordance with GAAP, as of the end of each fiscal quarter beginning on July 1, 1995. \$_____
- (iii) \$750,000,000 plus 50% of Item (f)(ii). \$_____
- (iv) STOCKHOLDERS INVESTMENT AMOUNT: Item (f)(i) is greater than Item (f)(iii). \$_____

(g) The minimum ratio of the Borrower's EBITDA to its interest expense is 5:1 pursuant to Section 7.4 of the Loan Agreement. The EBITDA RATIO as of the end of the fiscal quarter immediately preceding the Computation Date for the four fiscal quarters then ended was ____ to 1.0, as computed as follows:

- (i) EBITDA: The sum of all amounts which in accordance with GAAP, would be included on the consolidated financial statements of the Borrower and its Subsidiaries as (pretax) income from continuing operations, plus the Borrower's interest expense, plus amortization, plus depreciation. \$_____
- (ii) Interest Expense: All amounts which in accordance with GAAP would

be included as interest expense \$ _____
determined in accordance with GAAP.

(iii) EBITDA TO INTEREST EXPENSE RATIO:
the ratio of Item (g)(i) to Item
(g)(ii). _____

(h) The minimum percentage of Funds Flow from Operations as a percentage of Total Debt is 30% pursuant to Section 7.4 of the Loan Agreement. The FUNDS FLOW FROM OPERATIONS PERCENTAGE as of the end of the fiscal quarter immediately preceding the Computation Date for the four fiscal quarters then ended is _____%, as computed as follows:

(i) Funds Flow from Operations: All amounts equal to funds flow for operations determined in accordance with GAAP, which in any cash shall include Item (f)(ii), depreciation, amortization, deferred income taxes, other non cash items, as of the end of the fiscal quarter immediately preceding the Computation Date. \$ _____

(ii) PERCENTAGE OF FUNDS FLOW FROM OPERATIONS: Item (h)(i) as a percentage of Item (e)(1). _____%

The Borrower hereby certifies and warrants that as of the Computation Date the Borrower and its Subsidiaries are in compliance with all terms and conditions of all other Indebtedness to which the Borrower or its Subsidiaries is party.

FORMOSA PLASTICS CORPORATION,
U.S.A.

By: _____
Title: _____

EXHIBIT G

FORMOSA PLASTICS, U.S.A.
Status at [Date]

Railcar Markings¹ -

<u>EACH RAIL CAR</u>	<u>ORIGINAL MARK</u>	<u>CURRENT MARK</u>	<u>CASUALTIES</u>

Railcars -- Mileage

<u>STATE</u>	<u>PERCENT</u>	<u>MILES</u>

LENDER ASSIGNMENT AGREEMENT

To: Formosa Plastics Corporation, U.S.A.

To: Canadian Imperial Bank of Commerce,
New York Agency
as the Agent

FORMOSA PLASTICS CORPORATION, U.S.A.

Gentlemen and Ladies:

We refer to clause () of Section 12.11.1 of the Loan and Security Agreement, dated as of June __, 1995 (together with all amendments and other modifications, if any, from time to time thereafter made thereto, the "Loan Agreement"), among Formosa Plastics Corporation, U.S.A. (the "Borrower"), the various financial institutions (the "Lenders") as are, or shall from time to time become, parties thereto, and Canadian Imperial Bank of Commerce, New York Agency, as agent (the "Agent") for the Lenders. Unless otherwise defined herein or the context otherwise requires, terms used herein have the meanings provided in the Loan Agreement.

This agreement is delivered to you pursuant to clause (d) of Section 12.11.1 of the Loan Agreement and also constitutes notice to each of you, pursuant to clause (c) of Section 12.11.1 of the Loan Agreement, of the assignment and delegation to _____ (the "Assignee") of ____% of the Loans and Commitment of _____ (the "Assignor") outstanding under the Loan Agreement on the date hereof. After giving effect to the foregoing assignment and delegation, the Assignor's and the Assignee's Percentages for the purposes of the Loan Agreement are set forth opposite such Person's name on the signature pages hereof.

The Assignee hereby acknowledges and confirms that it has received a copy of the Loan Agreement and the exhibits related thereto, together with copies of the documents which were required to be delivered under the Loan Agreement as a condition to the making of the Loans thereunder. The Assignee further confirms and agrees that in becoming a Lender and in making its Commitment and Loans under the Loan Agreement, such actions have and will be made without recourse to, or representation or warranty by the Agent, Assignor or any other Lender.

Except as otherwise provided in the Loan Agreement, effective as of [the date of acceptance hereof by the Agent and the Borrower] [specified date]

(a) the Assignee

(i) shall be deemed automatically to have become a party to the Loan Agreement, have all the rights and obligations of a "Lender" under the Loan Agreement and the other Loan Documents as if it were an original signatory thereto to the extent specified in the second paragraph hereof; and

(ii) agrees to be bound by the terms and conditions set forth in the Loan Agreement and the other Loan Documents as if it were an original signatory thereto; and

(b) the Assignor shall be released from its obligations under the Loan Agreement and the other Loan Documents to the extent specified in the second paragraph hereof.

The Assignor and the Assignee hereby agree that the [Assignor] [Assignee] will pay to the Agent the processing fee referred to in Section 12.11.1 of the Loan Agreement upon the delivery hereof.

The Assignee hereby advises each of you of the following administrative details with respect to the assigned Loans and Commitment and requests the Agent to acknowledge receipt of this document:

(A) Address for Notices:

Institution Name:

Attention:

Domestic Office:

Telephone:

Facsimile:

Telex (Answerback):

LIBOR Office:

Telephone:

Facsimile:

Telex (Answerback):

(B) Payment Instructions:

The Assignee agrees to furnish the tax form required by the last sentence of Section 4.6 (if so required) of the Loan Agreement no later than the date of acceptance hereof by the Agent.

This Agreement may be executed by the Assignor and Assignee in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

THE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Adjusted Percentage

[ASSIGNOR]

Commitment
and
Loans: _____%

By: _____
Title: _____

Percentage

[ASSIGNEE]

Commitment
and
Loans: _____%

By: _____
Title: _____

Accepted and Acknowledged
this ____ day of _____, 19__

CANADIAN IMPERIAL BANK OF COMMERCE,
New York Agency, as Agent

By: _____
Title: _____

Accepted and Acknowledged
this ____ day of _____, 19__

FORMOSA PLASTICS CORPORATION,
U.S.A.

By: _____
Title: _____

NOTICE OF ASSIGNMENT

_____, 19__

Canadian Imperial Bank of Commerce,
New York Agency, as Agent
[Address]

Attention: []

With a copy to:

FORMOSA PLASTICS CORPORATION, U.S.A.

Attention: []

FORMOSA PLASTICS CORPORATION, U.S.A.

Gentlemen and Ladies:

We refer to the Loan and Security Agreement, dated as of June __, 1995 (together with all amendments and other modifications, if any, from time to time thereafter made thereto, the "Credit Agreement"), among FORMOSA PLASTICS CORPORATION, U.S.A., a Delaware corporation (the "Borrower"), and Canadian Imperial Bank of Commerce, New York Agency, as Agent, as the Lender and the Agent (the "Agent") for the Lenders. Unless otherwise defined herein or the context otherwise requires, terms used herein have the meanings provided in the Credit Agreement.

This Notice of Assignment is delivered to you pursuant to the Credit Agreement and also constitutes notice to each of you, pursuant to the Credit Agreement, of the assignment and delegation to the Person designated as the Assignee on the signature pages hereto (the "Assignee") of []% of [the Loans and Commitment of the Person designated on the signature pages hereto (the "Assignor") outstanding under the Credit Agreement on the date hereof, which assignment and delegation was undertaken pursuant to an Assignment and Assumption Agreement, duly executed and delivered by the Assignor and Assignee on _____, 19__.

The Assignee hereby represents and warrants to the Borrower and the Agent that the Assignee is an Eligible Assignee. The Assignee hereby acknowledges and confirms that it has received a copy of the Credit Agreement and the schedules and exhibits related thereto, together with copies of the documents which were required to be delivered under the Credit Agreement as a condition to the making of the Loans thereunder. The Assignee

further confirms and agrees that in becoming a Lender and in extending its Commitment and making its Loans under the Credit Agreement, such actions have and will be made without recourse to, or representation or warranty by, the Agent.

Upon the effectiveness of the assignment which is the subject of this Notice of Assignment (the "Effective Date")

(i) the Assignee

(a) shall be deemed automatically to have become a party to the Credit Agreement, have all the rights and obligations of a "Lender" under the Credit Agreement and the other Loan Documents as if it were an original signatory thereto to the extent specified in the second paragraph hereof; and

(b) agrees to be bound by the terms and conditions set forth in the Credit Agreement and the other Loan Documents as if it were an original signatory thereto; and

(ii) the Assignor shall be released from its obligations under the Credit Agreement and the other Loan Documents to the extent specified in the second paragraph hereof.

The Assignor and the Assignee hereby agree that the [Assignor] [Assignee] will pay to the Agent any processing fee referred to the Credit Agreement upon the delivery hereof.

The Assignee hereby advises each of you of the following administrative details with respect to the assigned Loans and Commitments and requests the Agent to acknowledge receipt of this document:

(A) Address for Notices:

Institution Name:

Attention:

Domestic Lending Office:

Telephone:

Facsimile:

Eurodollar Lending Office:

Telephone:

Facsimile:

(B) Payment Instructions:

This Notice of Assignment may be executed by the Assignor and the Assignee in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same Notice of Assignment and shall then be effective .

[ASSIGNOR]

By: _____

(print name)

Title: _____

[ASSIGNEE]

By: _____

(print name)

Title: _____

Accepted and acknowledged
this ____ day of _____, 19__:

CANADIAN IMPERIAL BANK OF COMMERCE,
NEW YORK AGENCY, as Agent

By: _____

(print name)

Title: _____

Accepted and acknowledged
this ____ day of _____, 19__:

FORMOSA PLASTICS CORPORATION, U.S.A.

By: _____

(print name)

Title: _____